



International Labour Conference

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TWENTY-THIRD SESSION  
GENEVA, 1937

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# Planning of Public Works in Relation to Employment

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Third Item on the Agenda

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GENEVA  
INTERNATIONAL LABOUR OFFICE

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1937

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## INTRODUCTION

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The Governing Body of the International Labour Office decided at its 74th Session in February 1936, to place the question of the planning of public works in relation to employment on the Agenda of the 1937 Session of the Conference. When taking this decision the Governing Body had before it a proposal of its Unemployment Committee which had met under the chairmanship of Mr. de Michelis on 18 February 1936 to consider a detailed report in which the Office had set forth the points on which, in its opinion, the Conference might adopt international regulations. The Unemployment Committee adopted the following resolution by 8 votes to 2 :

“ The Unemployment Committee decides to transmit the Office report to the Governing Body and to recommend that the question of ‘the planning of public works in relation to employment’ be placed on the Agenda of the 1937 Conference.”

This decision was preceded by a discussion on the scope of the question that might be submitted to the Conference. On this point the Committee’s report stated that it was the desire of the Committee to include all works on the timing of which public authorities exercise an influence, it being understood that the more detailed definition which would be inserted in international regulations and which some members of the Committee suggested should be determined immediately would be drawn up by the Conference itself.

The question of public works is by no means a new one for the Conference. At its very first Session in 1919 the International Labour Conference adopted a Recommendation, the fourth paragraph of which stated that “the Conference recommends that each Member of the International Labour Organisation co-ordinate the execution of all work undertaken under public authority with a view to reserving such work as far as practicable for periods of unemployment. . . .”

The question was referred to directly or indirectly at many of the subsequent Sessions, and the Eighth Session in 1926 adopted a resolution from which the following extract may be quoted :

“ . . . the International Labour Conference . . .

“ 1. Requests the International Labour Office to increase to the utmost its efforts to secure wider adoption of the measures proposed in the Recommendations and Conventions on unemployment adopted at previous sessions of the Conference, i.e. : . . .

“ (d) The organisation of public works so as to counteract the fluctuations of private business ; . . .

“ 5. In partieuar requests the International Labour Office to seek the advice of the Joint Committee [on Economic Crises] on the financial obstacles to the putting into operation by public authorities of the Recommendation referred to above concerning the organisation of public works. . . .”

The problem was consequently brought before the Joint Committee on Economic Crises which had just been set up by the Economic and Financial Organisation of the League of Nations and the International Labour Office. The Committee prepared the outline of a study, the results of which were published by the International Labour Office in 1931 under the title *Unemployment and Public Works*.<sup>1</sup>

In January 1931 the Unemployment Committee of the Governing Body considered the problem which was subsequently brought before the Commission of Enquiry for European Union, the Organisation for Communications and Transit of the League of Nations, and the World Monetary and Economic Conference which met in London.<sup>2</sup> Meanwhile, the International Labour Conference continued to take a close interest in the permanent aspects of the problem. At regular intervals the Conference has adopted resolutions repeating the terms of the Recommendation of 1919. In 1933 the following resolution was adopted :

“ In view of the Recommendation concerning unemployment adopted at Washington in 1919,

“ In view of the resolution concerning unemployment adopted at the Eighth Session of the Conference in 1926,

“ In view of the decisions taken by the Governing Body at its Fifty-first and Fifty-second Sessions in 1931 on the report of its Unemployment Committee.

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<sup>1</sup> Studies and Reports, Series C, No. 15. Geneva, 1931. 186 pp.

<sup>2</sup> See Chapter XIV of this Report.

"In view of the resolution concerning the economic crisis adopted by the Conference at its Sixteenth Session in 1932,

"In view of the fact that all these acts dealt with the problem of the organisation of public works in relation to unemployment,

"In view of the fact that during the present depression such action as has been taken, both nationally and internationally, to spare large numbers of workers the distress of unemployment, and communities the waste that this unemployment entails, has been vitiated by lack of preliminary organisation and agreement,

"The International Labour Conference decides to request the Governing Body to consider the desirability of placing on the agenda of an early Session of the Conference, by presenting a suitable report, the question of the organisation and co-ordination of national and international public works, with a view to combating unemployment and regularising the volume of employment."

The Governing Body placed the question on the agenda of the Eighteenth Session of the Conference, and a Report was prepared for that purpose.<sup>1</sup> The Conference, on the proposal of M. Jouhaux, adopted the following resolution :

"Whereas at its First Session, held in 1919, the International Labour Conference adopted a Recommendation which in Article IV invited the States Members of the International Labour Organisation to co-ordinate the execution of all work undertaken under public authority, and to reserve such work as far as practicable for periods of unemployment ;

"Whereas, in 1926, the Eighth Session of the International Labour Conference adopted a resolution by which it requested the International Labour Office to increase to the utmost its efforts to secure the organisation of public works so as to counteract the fluctuations of private business ;

"Whereas at its Session, held in 1933, the International Labour Conference drew the attention of the Monetary and Economic Conference to the urgency of restoring to circulation the capital lying idle by setting on foot immediately large-scale public works in those countries where funds are remaining unused, by securing collaboration between these latter countries and countries lacking capital for which the organisation of large works would be likely to augment the capacity to meet external debts, and by co-ordinating these measures on an international basis ;

"Whereas also at the same Session the International Labour Conference decided to request the Governing Body to consider the desirability of placing on the agenda of an early Session of the Conference, by presenting a suitable report, the question of the organisation and co-ordination of national and international public works with a view to combating unemployment and regularising the volume of employment ;

"Whereas by the various decisions aforesaid the International Labour Conference intended to make it clear that, whilst laying

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<sup>1</sup> *Public Works Policy*. Studies and Reports, Series C, No. 19. Geneva. 1935. 166 pp.

stress upon the necessity of the immediate organisation of large-scale works in order to palliate the effects of the present depression, it attached equal importance to the permanent aspects of a policy of public works ;

“ The Conference requests the Governing Body of the International Labour Office to ask for periodical reports from the Office on the measures taken or proposed in different countries on the subject of public works.

“ These reports will in particular give information concerning :

“ (a) The programmes of large-scale works drawn up in the various countries and the measures undertaken by the national authorities to co-ordinate on a uniform basis the preparation of these works ;

“ (b) Measures concerning the recruitment and the conditions of employment of the workers engaged in public works ;

“ (c) The effect of public works on the situation of the labour market.

“ On the basis of these reports, the Governing Body is requested to investigate what steps can be taken to facilitate the application of the Recommendation relating to public works adopted by the Conference at its Session held at Washington.

“ With regard to works of an international character, the Governing Body will endeavour, in co-operation with the competent bodies of the League of Nations, to facilitate the necessary collaboration between the various countries concerned.”

As a result of that resolution, the Governing Body decided that the Report of the Office referred to on the previous page should be referred to its Unemployment Committee. It was on the basis of the Unemployment Committee's proposal that the Governing Body decided to place the question on the Agenda of the 1937 Session of the Conference as stated at the beginning of this Introduction.

Subsequently the Conference at its Twentieth Session adopted the following resolution on the proposal of Mr. Mertens (the preamble is omitted) :

“ The Conference :

“ (1) Notes with satisfaction that the question of the planning of public works in relation to employment has been placed on the Agenda of the 1937 Session of the International Labour Conference ;

“ (2) Desires that at that Session a Grey-Blue Report should be submitted to it so that it would be possible for it to reach final decisions in 1937. ”

The present report accordingly is a Grey-Blue Report. Part I, which contains the material normally included in a Grey Report prepared for a preliminary discussion, sets out the law and practice in the different countries and concludes with a list of points suggested as a basis for a questionnaire. Part II, on the other hand, on the analogy of a Blue Report prepared for a final discussion, contains proposals for international regulations in the form of two draft Recommendations and a resolution which the Twenty-third Session can take into consideration in the event of its considering it preferable to proceed to a final decision rather than a preliminary discussion.

Geneva, *February 1937.*

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# PART I

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## I

### NATIONAL PLANNING AND CO-ORDINATION OF PUBLIC WORKS

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The majority of countries may now be said to have come to the conclusion that a planned public works policy, such as that recommended by the International Labour Conference in 1919 at Washington, can effectively help to regularise employment over a specified period by counterbalancing to some extent the fluctuations of private enterprise. On the other hand, there is less agreement as to the methods and principles to be adopted for such a policy.

The methods to be used for planning public works in order that they may be fully effective can be determined in reasonable conditions of certainty only if something is known of the manner in which such works are at present organised and financed, of their scope during the last few years, and of their actual effects on employment.

The first Chapter is accordingly devoted to a survey of Government works in recent years, and the second Chapter to the works of other public authorities.

The third Chapter deals with the co-ordinating and regulating action of the State in this field, that is to say, the effort now being made by public authorities to plan their works systematically. The existing co-ordinating bodies and the financial methods adopted are considered in turn.

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## CHAPTER I

### PUBLIC WORKS AND ORDERS FOR SUPPLIES OF CENTRAL AUTHORITIES

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The following pages contain an analysis of the material collected by the International Labour Office on the public works carried out or planned by the central authorities of a certain number of countries.

It is hardly necessary to point out that this survey makes no claim to completeness. The inadequate material available, the fact that it is scattered in a large number of publications if it is published at all, the very considerable differences in the manner of presenting the data and in financial methods, render it impossible to present the data on a comparable basis or even to claim that the survey is more or less complete.

Here lies in fact one of the best arguments in favour of national co-ordination and, supplementing this, of the international plan for the collection of information which is sketched in a later part of this Report and which may form the more constructive side of the decisions that will no doubt be taken by the International Labour Conference in regard to public works.

However this may be, it must be emphasised that the following survey is not complete and that the data given are not comparable. It shows that, whereas during the last few years most countries have sooner or later recognised the potential value of a public works policy as a factor in economic revival, yet the financial and administrative methods adopted for giving effect to this policy and the scope of the works undertaken have varied very widely.

In some countries the small financial resources available for public works have led the Government to draw up, outside the ordinary budget, more or less comprehensive schemes of national equipment. Some of these schemes, it is true, have not yet been carried into effect and will perhaps long remain

in the form of proposals only. Others are to be spread over so long a period that the total work involved each year provides only a small increase in the amount of employment offered. Yet others involve in effect merely a transfer of credits and the presentation in aggregate form of the individual items devoted to public works in the different sections of the budget.

The main question is whether these various plans have brought new money and new openings for employment on public works, or, on a more modest scale, have been at least sufficient to compensate the decline observed nearly everywhere in the ordinary budgets of the authorities and public bodies for their works. This is the question which it is proposed to consider in the light of the rather meagre information often available in this respect.

The fact is that even though the analysis of the annual budget estimates of a State gives some idea of the proportion of expenditure allocated to public works, the figures often serve merely as an indication. In the first place it is not always possible to determine exactly what amount in a particular section of the budget relates to investment and what proportion, on the contrary, covers the cost of administration, staff, etc., on the various ministries. Consequently, a first apportionment of the figures is needed, and this is often difficult to make. Conversely, in many cases the public works budget is very far from including all the items devoted to public works or orders for supplies for the State. In most countries, for instance, credits which are impossible to distinguish separately appear in the budget of ministries other than the ministry of public works and correspond to the construction of civil or military buildings, work on fortifications, orders for munitions, all of which form a very substantial contribution to public works. Finally, it often happens that the only data available relate to estimates and that the final accounts are not prepared until some time has elapsed. The result may be considerable deviations in one direction or another. When it is added that the rather frequent variations in the method of presenting public expenditure often make it difficult to follow the evolution of a particular item from year to year, it will be understood how fragmentary and approximate the information is that the Office has been able to collect in the following pages.

In *Argentina* the Government adopted at the end of 1933 a plan of economic reconstruction which provided amongst other things for an extensive programme of public works. The Government furnished the necessary credits for putting in hand over a period of two to three years works which in ordinary circumstances would have occupied seven to eight years.

An official communiqué issued at the time this plan was prepared stated that the depression in Argentina had reached a deadlock. Private industrial undertakings could not absorb the unemployed because in order to do so they would have had to produce more and would therefore have run the risk of exceeding the effective demand. It is clear, said the communiqué, that if all manufacturers increased production simultaneously, the extra amounts thus produced could be consumed as a result of the increased purchasing power brought about by the return of the unemployed to employment. Such a simultaneous movement could not however be brought about without some external stimulus and the most effective stimulus in this respect was work undertaken by the State. Public works, continued the communiqué, distribute fresh purchasing power to a large number of workers, thus increasing the general demand for commodities and contributing to the reabsorption of the unemployed by private undertakings. Thanks to the abundant financial resources obtained by the special loans raised by the Government in connection with the arrangements for the transfer of foreign exchange, the Government was now in a position to intensify its programme of public works. It had also more than sufficient plans which had already been passed by Congress, and some of these plans were in fact being carried out. It could thus draw up a really effective programme of public works on a national scale, the various works being selected on the basis of criteria such as their revenue-producing character, the proportion of direct and indirect employment they would produce, and the quantity of materials required that could be obtained in the country itself. In view of the level of exports from Argentina, it was very necessary to prevent the more intensive public works programme from leading to an increase in imports, and this could be achieved by the existing system of controlling imports.<sup>1</sup>

- At the end of January 1934, the Government drew up its programme of public works to be carried out as part of the above-mentioned plan of national reconstruction. One section of the plan comprises irrigation work, harbour work, public health measures, the construction of public buildings and new railways, and some work under the Departments of Agriculture, War, and Shipping. The work in this group was estimated to cost 140 million pesos in 1934, or 81 million pesos more than was spent in 1933. Out of the total of 140 million pesos it was officially estimated that the wages of the workers directly employed would represent about 66 million pesos and materials obtained in the country 42 million pesos; the latter would in turn mean an increase in indirect employment.

Another section of the plan provides for road development. The National Road Board was empowered to spend 133 million pesos for this purpose from 1934-36, whereas the normal expenditure over that period would have been only 85 million pesos. To this

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<sup>1</sup> *La Nación*, 30 November 1934.

sum must be added the Federal subsidies granted to the provinces for their road development work up to a total of 44 million pesos. These subsidies lead to further extensive expenditure by the provinces. The 177 million pesos to be spent by the Federal Government on roads were to be allocated more or less as follows :

	Million pesos
Wages . . . . .	118
Materials obtained in the country . .	16.5
Foreign materials . . . . .	8
Transport . . . . .	13
Overhead expenses . . . . .	21.5

It may be added finally that public health work costing 113 million pesos was specially authorised during the same period for the municipal district of Buenos Aires.

No information is available as to the actual employment made of these various credits.

In *Australia* a considerable number of public works are carried out by the Federal Government on its own account, irrespective of those undertaken by the States with the financial assistance it affords them. Those undertaken by the Public Works and Services Section of the Department of the Interior include the construction and maintenance of building and engineering works required in connection with Commonwealth services in the various States and at the Federal capital; works of a minor character include road construction and water, sewerage, and electric supply services connected with the larger schemes financed by State Governments and municipalities. The expenditure incurred by the Department during the six financial years ending 30 June 1934 on new works, additions and alterations, exclusive of repair and maintenance services, included the following: on the construction of new post offices, telephone exchanges and broadcasting stations for the Postmaster General's Department, £215,486 in 1929, £251,418 in 1930, £34,805 in 1931, £10,017 in 1932, £6,495 in 1933, and £14,287 in 1934; on works connected with civil aviation, including the preparation of terminal aerodromes, the establishment of landing grounds, and the construction of hangars, £30,806 in 1929, £28,524 in 1930, £18,353 in 1931, £13,079 in 1932, £28,498 in 1933 and £12,934 in 1934; on works for the Health Department, such as quarantine stations and health and serum laboratories, £20,961 in 1929, £28,127 in 1930, £6,981 in 1931, £150 in 1932, £1,260 in 1933 and £2,174 in 1934; on works in the Federal Capital Territory, £343,380 in 1929, £315,245 in 1930, £113,077 in 1931, £71,164 in 1932, £91,641 in 1933, and £184,898 in 1934; on developmental works in the Northern Territory, £57,494 in 1929, £35,326 in 1930, £27,021 in 1931, £10,607 in 1932, £6,660 in 1933 and £13,020 in 1934; and on the construction of bank buildings, etc., £99,429 in 1929, £185,018 in 1930, £304,360 in 1931, £399,215 in 1932, £253,724 in 1933, and £93,040 in 1934.

The total of the proposed expenditure on public works, etc., in 1936-1937 as detailed in the budget speech and estimates presented by the Commonwealth Treasurer on 10 September 1936 is £7,684,306

<sup>1</sup> *Commonwealth Parliamentary Debates*, 12 September 1936.

as compared with £5,236,537 actually expended during the previous financial year — an increase of £2,447,768. Of the new expenditure, £4,576,967 is to be provided from revenue and £3,107,339 from loan. The increase in the proposed appropriation from revenue for public works during the current year over the corresponding expenditure in 1935-1936 is £953,297.

In *Austria*, according to a statement made by the competent authorities, the State devoted 68.5 million schillings to public works in 1933, and about 200 million schillings in 1934.

Dr. Dobretsberger, Minister of Social Administration, on entering on his duties in October 1935, stated that the public works policy must be continued so long as the recovery in private economic activity was manifestly insufficient. As early as Easter in the same year the Chancellor, Dr. Schuschnigg, had announced the putting into operation of an important programme of works.

Among these, reference may be made in the first place to the modernisation of Federal roads and the construction of a certain number of new roads, in particular the Gross-Glockner mountain road. Mention should also be made of the building of bridges, in particular the Reichsbrücke over the Danube at Vienna, a series of works for the construction, enlargement and transformation of schools for higher studies, museums or buildings for the use of public departments, and hydraulic works. The Federal railways have carried out various works consisting for the most part of the reconstruction of permanent way, bridges, signal boxes, etc.

The productive unemployment assistance authorities undertook 2,281 construction works in 1935, the total cost being 67,000,000 schillings; of this amount, 16,500,000 schillings were provided by the Productive Assistance Fund. During the same year, the voluntary labour service carried out 772 works, the Federal Government putting a sum of 10,000,000 schillings at its disposal.

The roadmaking works represented in the two years 1933 and 1934 nearly 6,500,000 working days, or 10,800 man-years for each year. The programme for 1935 contemplated the employment of 100,000 workers, mainly during the summer months, or about 78,000 man-years. The construction of the Reichsbrücke was intended to furnish work for more than 500 persons for a total of three years.

The productive unemployment assistance schemes provided work for 60,908 unemployed in 1935, and the voluntary labour service for 12,948.

Some information is also available as to the distribution of the total cost of construction among the various items. Thus as regards roadmaking works, the proportion representing wages varied from 40 to 60 per cent. of the total cost, the remainder going in materials and contractors' profits. For bridges, 60 per cent. of the total represented wages, and 40 per cent. materials. In the erection of buildings the share of wages was 50 per cent. For hydraulic works the share attributable to the wages of persons directly employed was estimated at 60 per cent. and that representing the wages of persons indirectly employed at 15 per cent. of the total expenditure. Finally, for the construction of roads in 1933 and 1934 the cost per man-year was 2,770 schillings, while for public works in general, according to the programme carried out in 1935, the cost per man-year was about 5,100 schillings.

In *Belgium*, early in 1927, the Government prepared a programme of important works for improving the national equipment and under the Act of 24 April 1928 set up two special bodies to deal with the matter: the Public Works Fund and the Road Fund.

The Public Works Fund is an autonomous public body, responsible, in accordance with section 1 of the Act, for carrying out the following public works on behalf of the State under the supervision and responsibility of the Minister of Public Works; the completion of the Charleroi-Brussels Canal, improvements to the Meuse and the Basse Sambre, the Liège-Maestricht Canal, the Maestricht-Bois-le-Duc Canal, the Meuse-Scheldt Junction Canal, the construction of a direct canal between Liège and Antwerp, etc. The programme of work of the Fund also included the construction of wharves, harbours, roads, railways, sidings, stations, etc., and works for preventing floods.

Under section 5 of the Act setting up the Public Works Fund, the State put at the disposal of the Fund a sum of 1,800 million Belgian francs, spread over the years 1928 to 1941 as follows:

	Million francs
1928 . . . . .	127
1929 . . . . .	250
1930 . . . . .	280
1931 . . . . .	270
1932 . . . . .	250
1933 . . . . .	140
1934 . . . . .	130

and 90, 80, 80, 70, and 11 million francs respectively in the five following years.

As this sum proved inadequate, the Act of 12 August 1933 increased the total appropriations for the Fund to 3,300 million francs.<sup>1</sup> From 1928 to 1935 the Fund received from the State a total of about 2,225 million francs, and thus still had at its disposal at the end of 1935 about 1,075 million francs, to be distributed as follows:

	Million francs
1936 . . . . .	300
1937 . . . . .	200
1938 . . . . .	200
1939 . . . . .	150
1940 . . . . .	150
1941 . . . . .	73

The other body set up by the Act of 24 April 1928 is the Road Fund, the aim of which is to repair and bring up to date the whole network of roads throughout the country. Originally this Fund was granted 600 million francs under the special budget for the years 1928 to 1933, but as this sum proved insufficient a special appropriation of 42,750,000 francs was added in 1932. The Act of 12 August 1933 set up a second special Road Fund, which will receive a total of 800 million francs by the transfer of special appropriations made available to the Minister of Public Works in the budget for the years 1933 to 1938.

<sup>1</sup> Exclusive of the expenditure provided for in the ordinary budget, which in the case of hydraulic works, for example, amounted in the years 1929 to 1934 to between 100 and 150 million francs a year.

Apart from the sums devoted to the two Funds described above, the Ministry of Public Works also received during the period 1928 to 1932 sums totalling about 150 million francs for current road maintenance work (not including the wages of road men), 9 million francs for the construction of drains, pavements, etc., and 173 million francs for exceptional expenditure. Further, during the period 1929 to 1934, 779 million francs were spent on hydraulic work, excluding the sums derived from the Public Works Fund.

The programme of public works was completely reorganised in consequence of the creation by Royal Order<sup>1</sup> of an Economic Recovery Office (OREC), whose duty it is to prepare, co-ordinate, and supervise the execution of the measures adopted by the Government with a view to promoting the economic recovery of the country, and for that purpose to ensure the employment of the proceeds of the revaluation of the gold reserve of the National Bank resulting from the devaluation of the franc.

In addition to the expenses for public works in the ordinary budgets of the various Ministries, a special budget for the financial year 1936 was submitted to Parliament on 30 October 1935. The expenditure provided for in this budget amounted to 2,303 million francs, and was applicable almost entirely to public works, of which 1,121 million francs were for emergency expenditure properly so-called, and 1,182 million francs for expenditure financed by the OREC.

This expenditure forms part of a larger programme, which extends to the years 1937 and 1938. The emergency expenditure properly so-called relates primarily to :

(1) the special and temporary Public Works Fund, 750 million francs, and the Road Fund referred to above, 347 million francs ;

(2) the Fund of the National Office (set up by an Act of 11 July 1935) for the connecting of the Nord and Midi stations in Brussels, 215 million francs ;

(3) improvement of waterways, 150 million francs ;

(4) school buildings, 105 million francs :

(5) national defence, 472 million francs.

As regards the programme of the OREC, an expenditure of 3,500 million francs was provided for, applicable to the following purposes : roads and bridges, 700 million francs ; waterways, 640 million ; cleansing of water courses, 245 million ; town planning, 540 million ; sea ports, 110 million ; air ports, 5 million ; buildings, 360 million ; railway rolling stock, 500 million ; shipbuilding, 104 million ; miscellaneous, 146 million ; action for the development of the demand for consumers' goods on the home market (dowries, loans to newly married couples, etc.), 150 million.

For 1936 the employment furnished by the proposed works was estimated on the basis of 300 working days as follows : as regards the works provided for in the normal part of the special budget, 25,100 workers and 1,100 salaried employees, or a total of 26,200 workers ; as regards the works under the control of the OREC, 105,740 workers and 5,262 salaried employees, or a total of 111,002

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<sup>1</sup> *Moniteur*, 22 April 1935.

persons. The two categories of works combined were therefore estimated to provide in 1936 an amount of employment equivalent to 300 days for 130,840 workers and 6,363 salaried employees, or a total of 137,203 persons. These estimates refer not only to the persons directly employed on the works but also to the workers employed by the undertakings furnishing material and equipment.

It may be of interest to see how the employment so estimated is divided among the different works under the control of the OREC.

TABLE I. — ESTIMATED EMPLOYMENT IN MAN-YEARS

Works or expenditure	Credits (million Belgian francs)	Number of man-years			Cost per man-year (francs)
		Workers	Salaried employees	Total	
500 railway wagons . . . .	258	15,000	750	15,750	16,381
Waterways . . . . .	204.32 <sup>1</sup>	12,400	880	13,280	15,386
Roads: Improvements . . .	100 <sup>1</sup>	6,500	240	6,740	14,837
New roads . . . . .	100 <sup>1</sup>	6,250	300	6,550	15,267
Hydrographic basin of the Vcsdre . . . . .	29 <sup>2</sup>	1,800	90	1,890	15,344
Construction of seaports . .	51.5	3,500	175	3,675	14,014
Shipbuilding . . . . .	34.4	2,340	120	2,460	13,821
Buildings (postal service) .	20	1,350	65	1,415	14,134
Airports . . . . .	2	145	7	152	13,158
Civil buildings . . . . .	64.1	4,000	200	4,200	15,262
Town-planning (houses and allotments) . . . . .	55 <sup>3</sup>	4,400	100	4,500	12,222
Cleansing of water-courses	16	1,070	50	1,120	14,286
Communal relief works (roads, buildings, drain- age) . . . . .	560 <sup>4</sup>	36,000	1,800	37,800	14,815
Grants to newly married couples . . . . .	25 <sup>5</sup>	1,250	—	1,250	20,000
Works in the Borinage colliery district (canal, town-planning) . . . .	115 <sup>6</sup>	7,410	365	7,775	14,791
Miscellaneous . . . . .	35	2,325	120	2,445	14,315

<sup>1</sup> Plus 26 million francs for compulsory expropriation.

<sup>2</sup> Plus 1 million francs for compulsory expropriation.

<sup>3</sup> Plus 3 million francs for compulsory expropriation.

<sup>4</sup> Subsidies by OREC up to 140 million francs (25 per cent.).

<sup>5</sup> Half the total grants.

<sup>6</sup> Plus 5 million francs for compulsory expropriation. Joint expenditure of State and communes.

The estimates are made on the basis of the money available and a calculation of the proportion of labour to be provided for different kinds of works. The preliminary results of these calculations are given below.

For each of the works for which the volume of employment had to be calculated, the kind or kinds of work involved was then determined. It was estimated, for example, that the making of new roads represented as to two-tenths large-scale mechanised excavation (No. 1 in table II, page 16), as to two-tenths large-scale mechanised construction (No. 2), as to one-tenth excavations by hand (No. 4), and as to five-tenths paving (No. 7). It only remained to estimate



the cost of the unit of labour, which was done at the rate of an average of 10,000 francs for 300 days of eight hours each for a worker and 18,000 francs for a salaried employee.

TABLE II. — PROPORTION OF LABOUR COST TO TOTAL COST OF WORKS

Kind of work	Wages		Salaries	Other expenses
	Direct <sup>1</sup>	Indirect <sup>2</sup>		
	Per cent.	Per cent.	Per cent.	Per cent.
1. Large-scale mechanised excavation (digging canals) . . . . .	32	25	13	30
2. Large-scale mechanised construction (a lock) . . . . .	24.3	34.6	7.5	33.6
3. Building workers' dwellings . .	30	44	2	24
4. Excavation by hand, transport by wheel-barrow or Decauville .	78	8.5	2.1	11.4
5. Bricklaying . . . . .	30.5	35	8.5	26
6. Concrete work . . . . .	28.5	31.5	8.5	31.5
7. Paving (with local material) . .	10.5	52.5	5.5	31.5

<sup>1</sup> Wages of workers employed on the works.

<sup>2</sup> Wages of workers employed by undertakings supplying materials or equipment.

It may be seen from table I (p. 15) that the cost per man-year varies considerably in the different categories of works. If the very special case of grants to newly married couples, in which the employment furnished has necessarily been calculated somewhat arbitrarily, is left out of account, it is found that for public orders or works properly so called the cost varies between a minimum of 12,222 francs for town-planning works (construction of workers' dwellings and clearing of land for allotments) and a maximum of 16,381 francs for the construction of metal railway wagons.

In *Bulgaria* the Ministry of Communications undertook during the years 1929-1934 the construction and repair of roads for a total sum of 201 million levas, <sup>1</sup> of which 111.5 million levas represented the cost of labour. During the same period hydraulic works (water supply, etc.) cost 875 million levas, of which about 277 million represented wages. Construction work was undertaken by the same Ministry during the period on 173 buildings, including schools, hospitals, administrative buildings, etc. The cost was 468 million levas, of which 100 million represented wages. The programme of construction is estimated to cost altogether 745 million levas.

A Decree of 26 June 1936 authorises the Minister of Public Works to expend up to 600 million levas on road construction and maintenance work. Payment will be made in Treasury Bills bearing interest at 6 per cent. per annum and repayable in six years.

<sup>1</sup> 100 levas = about 3.90 Swiss francs.

In *Canada*,<sup>1</sup> the capital expenditure of the Dominion Government during the years 1929-1934 is shown in the following table (in thousand dollars):

	Canals	Railways	Public works	Total
1929-1930 . . . . .	9,324	6,663	6,574	22,561
1930-1931 . . . . .	9,842	6,371	12,009	28,222
1931-1932 . . . . .	3,299	6,242	7,439	16,980
1932-1933 . . . . .	3,027	1,503	4,018	8,548
1933-1934 (estimated).	<u>1,987</u>	<u>767</u>	<u>3,816</u>	<u>6,570</u>
Totals. . . . .	27,479	21,546	33,856	82,881

To the above amounts must be added expenditure on public works undertaken by the Dominion Government in connection with unemployment relief under various Relief Acts. This covers public buildings, harbour and river improvements, elimination of grade crossings, national parks, railways and canals, etc., and includes grants to the Department of National Defence, under the supervision of which unemployment relief camps are operated. The expenditure of this type was as follows:

Act of	\$
1930 . . . . .	537,000
1931 . . . . .	5,170,000
1932 . . . . .	1,086,000
1933 . . . . .	7,619,000
1934 . . . . .	<u>408,000</u>
	14,820,000

In addition to the above direct expenditure, the Dominion Government, under various Relief Acts from September 1930 to April 1934, made direct grants for public works carried out by provinces and municipalities amounting to about \$40,000,000. These direct grants for public works have been supplemented by loans to certain provinces for the same purpose, which by 31 March 1934 amounted to about \$10,000,000. This expenditure has been devoted chiefly to improvements on highways, the construction of public buildings, sewers, waterworks, and various other projects.

On 30 June 1934, the Dominion Parliament passed the Public Works Construction Act, which provides for expenditure up to \$40,000,000, to be distributed as follows:

	\$
Roads and bridges . . . . .	1,276,000
Railway lines, tramways . . . . .	75,000
Canals and other inland waterways . . . . .	1,273,200
Drinking water supplies, sewage disposal . . . . .	16,500
Work on sea, river and lake ports . . . . .	11,298,100
Building and construction work . . . . .	22,993,750
Telegraph and telephone . . . . .	57,500
Other work . . . . .	<u>2,700,000</u>
Total . . . . .	39,690,050

The following is a summary of Dominion expenditure provided for between March 1929 and June 1934:

	\$
Regular capital expenditure . . . . .	82,881,000
Direct Dominion expenditure on public works under	
Relief Acts . . . . .	14,820,000
Grants to provinces and municipalities . . . . .	40,000,000
Loans to provinces for public works . . . . .	10,000,000
Public Works Construction Act, 1934 . . . . .	<u>39,690,050</u>
Total. . . . .	187,391,050

<sup>1</sup> Supplementary information will be found in Appendix II.

In the fiscal year 1933-1934, the amounts expended on various works of construction, maintenance and operation were as follows :

	\$
Harbour and river works . . . . .	2,408,303.05
Dredging, plant, etc. <sup>1</sup> . . . . .	1,172,582.56
Roads and bridges . . . . .	53,775.57
Public buildings <sup>2</sup> . . . . .	6,371,216.78
Telegraphs . . . . .	497,037.51
Miscellaneous. . . . .	115,317.88
Total . . . . .	10,618,233.35

<sup>1</sup> Only such works as were considered urgently required in the public interest were carried out.

<sup>2</sup> Of this amount \$833,730.86 were expended on construction and addition to public buildings, and \$5,537,485.92 on improvements, repairs and maintenance.

During the fiscal year 1934-1935 the following amounts were expended on public works both under parliamentary appropriation and the Public Works Construction Act of 1934 :

	\$
Harbour and river works . . . . .	4,801,179
Dredging, plant, etc. . . . .	1,683,714
Roads and bridges . . . . .	103,795
Public buildings . . . . .	8,439,151
Telegraphs . . . . .	534,906
Miscellaneous . . . . .	112,712
Total . . . . .	15,675,457

A Supplementary Public Works Construction Act was assented to on 13 June 1935. Sums were available under this Act for public works according to the following schedule :

	\$
1. Railway grade crossings . . . . .	1,000,000
2. Geological surveys and investigations in the North-west Territories and elsewhere in Canada . . . . .	1,000,000
3. Montreal harbour improvement and deepening . . . . .	3,500,000
4. Quebec harbour improvements and maintenance . . . . .	1,250,000
5. Canals — repairs and improvements . . . . .	750,000
6. Western conservation works . . . . .	500,000
7. Tunnel at western entrance Toronto harbour . . . . .	1,000,000
8. Buildings and improvements, Department of Agriculture. . . . .	500,000
9. Harbours and rivers generally . . . . .	2,500,000
10. Alterations, improvements and additions to public buildings and to supplement where necessary, upon the authority of the Governor in Council, specific amounts provided in the Schedule to the Public Works Construction Act, 1934 . . . . .	4,000,000
11. Interior Department — To provide for the construction and development of public buildings, camp sites, electric light and telephone systems, highways, bridges, streets, sidewalks, landing fields, air harbours, trails, water and sewer systems, recreational areas, wharves, and river protection works; to provide for the development of historic sites including buildings, repairs and restorations; to provide for the purchase and acquisition of building sites; also to provide for the construction of the Golden-Revelstoke (Big Bend) section of the Trans-Canada Highway . . . . .	1,500,000
12. Lac Seul Protection Works . . . . .	175,000
13. Bridge at Ceepee, Saskatchewan . . . . .	225,000
14. Halifax—pedestrian subway under C.N.R. tracks, Inglis St, . . . . .	40,000
Total . . . . .	17,940,000

In the fiscal year 1933-1934 the total expenditure on construction, repairs and maintenance of telegraphs was \$497,037.51. This was \$32,814.63 less than the amount expended during the previous year. In the fiscal year 1934-1935 the amount expended was \$534,906.49, and of this amount \$41,816.40 were for work done under the Public Works Construction Act of 1934.

Under the Supplementary Public Works Construction Act of 1935, \$15,000,000 are guaranteed to the Canadian National and Canadian Pacific Railways for the purchase and improvement of railway equipment.

In *Chile*, Congress adopted at the end of 1934 an Act providing for a programme of public works including the construction of roads, the canalisation of rivers, and preventive measures against floods. In a message accompanying the Bill the Government had pointed out that there was not a sufficient amount of ordinary employment to absorb all the unemployed, and that this was one of the principal reasons for embarking on a programme of public works. Until then the Government had for fiscal reasons carried out its public works through contractors. This system had the disadvantage, however, that it did not enable the authorities to speed up or retard works at will, that is to say, to increase or reduce according to circumstances the number of workers engaged on the works. It was therefore desirable, continued the message, that the new scheme of public works, if it was to be successful as a means of reducing unemployment, should fulfil certain conditions, the most important of which was that they should be carried out directly by the Government. The works should also be carried out simultaneously in the different parts of the country, so as to prevent an influx of labour to the capital.

The authorities also considered the possibility of undertaking other works, using the reserves of certain welfare institutions, such as the National Savings Fund, for the purpose.

In *China*, the Government set up in May 1931 a National Economic Council, comprising the Ministers concerned and various representatives of intellectual and industrial circles, for the purpose of working out a big scheme of national reconstruction in collaboration with the technical organisations of the League of Nations.<sup>1</sup> Under this scheme important hydraulic works, requiring among other things the construction of 7,000 kilometres of dykes, were undertaken on the principal rivers, and it is estimated that at times nearly a million workers were employed on the works. Wages were paid mainly in kind, out of a stock of 450,000 tons of wheat lent to the Chinese Government by the United States; reckoning the price of one ton of wheat at 74 Mexican dollars, the total sum paid out in wages up to the end of 1933 was some 20 million dollars, other costs having amounted only to some 2 million dollars. Between

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<sup>1</sup> LEAGUE OF NATIONS, Council Committee on Technical Co-operation between the League of Nations and China: *Report of the Technical Agent of the Council on his Mission in China from the date of his Appointment until 1 April 1934*. Document C.157, M.66, 1934. Collaboration between the Communications and Transit Organisation of the League of Nations and the National Government of China: *Report by the Committee of Experts on Hydraulic and Road Questions in China*. Document C.91, M.34, 1936.VIII.

1931 and the end of 1933 the National Economic Council also arranged, in conjunction with the governments of seven provinces, for the construction of about 4,000 kilometres of new roads and allowed the local authorities grants amounting to 40 per cent. of the cost of construction. Thanks to these new roads a network of nearly 20,846 kilometres of communications had been created from 1931 to 1935. Besides these roads financed by the National Economic Council, the provincial governments themselves built between 1931 and 1934 over 9,000 kilometres of miscellaneous roads, which do not, however, always conform to the type adopted by the Council and for the most part are not suitable for motor traffic.

Apart from the public works for which the National Government is responsible and those carried out by the provinces with the assistance of the National Government, a considerable number of works, including works for protection against floods and for land drainage, are dealt with by the National Economic Council. There are also various special commissions for organising works in particular regions. Thus, after the floods caused by the Yellow River in 1933, the National Government appointed a Yellow River Commission, which is responsible for the necessary work for making good the damage done and preventing new inundations. Further, the National Economic Council undertook in 1934 the execution of an extensive programme, including, in particular, the repair of the dykes on the Yangtse and the Han in the province of Hupeh, which will render possible the irrigation of 500,000 mus of land,<sup>1</sup> and the repair of the irrigation system of the province of Suiyuan. The execution of numerous other works of a similar kind is under consideration by the Council.

The Yellow River Commission undertook the repair of the breaches produced by floods, this work being carried out by the Commission for the relief of the victims of floods. The provinces of Honan, Hopeh and Shantung carried through certain works in 1934 for preventing floods during the risings of the Yellow River in that year.

The Hwai River Commission has prepared a two years' programme of works, at present in course of execution, with a view to promoting navigation and irrigation in the basin of the river and preventing floods. The Commission further in 1934 set on foot works for widening the canal for deflecting the flood waters of the Hwai. The Yangtse-Kiang Commission is completing the construction of a dam in the region of Kinshui and has drawn up a scheme for regularising the course of the lower Yangtse-Kiang.

Mention should also be made of the construction of telegraph and telephone lines and the scheme for the creation of a great eastern port which is to take the place of the port of Shanghai. The preparatory works for the construction of this port are to be completed in 1941. The construction works proper will be spread over a period of fifteen years.

The total cost of the works undertaken by the National Economic Council is estimated at 5,810,000 dollars. The cost of the other works, the execution of which is under consideration, is over 14 million dollars. The reconstruction works under consideration by the Yellow River Commission involve a total expenditure of 24 million dollars, of which about 10 million are for labour and

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<sup>1</sup> 1 mu = 614 square metres.

13 million for materials and equipment. The total cost of the works of the Hwai River Commission is estimated at 9 million dollars, that of the works for the Yangtse-Kiang and the construction of the dam in the region of Kinshui at 7,050,000 dollars, and for the regularisation of the lower Yangtse-Kiang at 3,130,000 dollars. Finally, the total cost of the construction of the eastern port is estimated at 66 million dollars.

The following table shows the budgetary provision for the expenditures for reconstruction, the capital outlay for State-owned enterprises and the subsidies given to local reconstruction projects during the last three years :

	1934	1935	1936
Ordinary expenditures :	\$	\$	\$
Reconstruction expenditures	1,812,180	2,212,130	2,212,130
Subsidies . . . . .	44,425,735	59,797,613	61,481,500
Extraordinary expenditures :			
Reconstruction expenditures	10,194,062	34,162,760	50,898,091
Capital outlay for State-owned enterprise . . . . .	50,318,716	60,971,166	96,337,720
Subsidies . . . . .	38,134,200	42,182,746	44,334,500

In *Czechoslovakia*, according to a statement made on 1 October 1935 by the Minister of Social Welfare, the Government sees in the organisation of large-scale public works the only really effective means of combating unemployment. During the period 1918-1933, the public authorities have accordingly spent a total sum of 12,090 million Kč. on public works. Of this sum, 2,308 million Kč. went to the Road Fund, 1,061 million Kč. for land improvement, 1,062 million Kč. for the construction and maintenance of military buildings, 740 million Kč. for the regulation of water courses, 723 million Kč. for water supplies, etc. It is further estimated that the total cost of the works executed in 1935 would be about 5,000 million Kč.

The budget for 1936 provides for public investment works amounting to slightly over 31 million Kč., to which must be added 2,000 million Kč. for expenditure on national defence and other purposes.

The Ministry of Finance has published the following data showing the total amounts to be spent in 1937 on public works financed by the Government :

	Expenditure in Kč. <sup>1</sup>
Government departments . . . . .	299,139,700
State undertakings . . . . .	1,344,241,900
State funds . . . . .	606,240,000
Proceeds of National Defence Loan . . . . .	3,000,000,000
Total . . .	5,249,621,600

<sup>1</sup> 100 Kč. = about 15.40 Swiss francs.

In *Denmark* the State budget for the period 1930-1936 included about 220 million kroner for public works, excluding road construction, for which the State provided subsidies during the same period to a total of 150 million kroner. Among the works undertaken, special reference may be made to the Storstrom Bridge (between Masnedø and Falster) which was begun in 1933 and will be completed in 1937 ; it will cost in all about 40 million kroner, including the sums required for certain road construction connected with the building of the bridge.

At the beginning of 1935 the Government introduced a Bill to provide employment for persons who have been unemployed for long periods. This Bill would have empowered the Minister for Social Affairs during the two financial years 1935-36 and 1936-37 to organise public works at a total cost of 36 million kroner. Added to this, the Bill provided for a contribution from the local authorities to the expenditure on wages. It was estimated that the Bill would provide for the organisation of public works at a total cost of about 50 million kroner. The Bill would also have placed at the disposal of the Minister of Agriculture — in addition to 25 million kroner previously granted — a further 10 million kroner for land improvements which, together with local grants, would make possible the organisation of public works totalling 25 million kroner. Moreover, the Minister of Transport and Public Works proposed to devote 26,500,000 kroner to road, bridge and port construction. The Bill was not, however, passed by the Rigsdag; the Minister for Social Affairs reintroduced it at a later session, but no final decision has yet been taken.

In *Egypt* the Government in 1931 considerably increased the credits for the execution of large-scale public works. On 22 May 1935 it approved a five-year plan<sup>1</sup> for expenditure on public works during the period 1935-1939 totalling £E36,000,000, spread as follows: in 1935, £E6,534,600; in 1936, £E7,776,000; in 1937, £E7,759,900; in 1938, £E7,509,000; and in 1939, £E6,401,400.

This expenditure is divided as follows among the various categories of works: economic and financial schemes, £E24,400,000, including £E21,000,000 for irrigation alone; social schemes (public health, sanitation, etc.), £E2,900,000; administrative schemes (national defence, etc.), £E1,500,000; construction (administrative and school buildings), £E4,200,000; miscellaneous works and reserves for unforeseen expenditure, £E3,000,000.

In *Estonia*, a systematic organisation of public works was decided upon by a Ministerial Committee set up as early as November 1924. This scheme constitutes the principal means of combating unemployment. During the period 1929-1934 works of this kind cost 31,938,000 Estonian crowns,<sup>2</sup> of which 3.8 million was for roads, 12.6 million for railways, 1.5 million for land improvement, 3.5 million for electrical installations, etc.

In *Finland* the Government appointed a committee of experts in 1932 to prepare an extensive plan of public works for the specific purpose of combating unemployment. The committee proposed that an internal loan of 500 million Finnish marks should be issued with a view to providing employment for 20,000 to 25,000 workers. The Finance Act of 30 September 1932 authorised the Government to issue such a loan up to a total of 350 million marks, the proceeds to be distributed over various types of works as follows:

	Million marks
Road construction . . . . .	44.7
Railway construction . . . . .	41.5
Dredging of rivers . . . . .	20
Development of agriculture and forestry . . . . .	145
Orders to industry and various works . . . . .	100

<sup>1</sup> Cf. MINISTRY OF FINANCE: *Programme quinquennal des travaux neufs pour les divers ministères*. Cairo, 1935.

<sup>2</sup> One Estonian crown = about 1.05 Swiss francs.

This loan was subscribed at the end of 1932 and early in 1933 by various credit institutions and insurance companies, and the Government immediately gave orders for the works which had been approved.

In a general way the system of unemployment relief in Finland is based on the principle that relief works should primarily be works of a useful character. With this object, special public works, known as "reserve works", have been organised jointly by the Government and communes to provide work for the unemployed. The largest group of reserve works is that of bridges and highways, to which the sum of 18,400,000 marks was allotted in 1935. Next come the construction of buildings, (16,800,000 marks); railways (11,300,000 marks); construction of canals, harbours and quays (6,300,000 marks); forest administration, (5,100,000 marks); land reclamation and clearing of river beds (3,200,000 marks), etc. In addition the Government spent 5,100,000 marks in 1935 on camps for young unemployed workers and 4,400,000 marks on the organisation of administrative work for unemployed non-manual workers. The works selected as reserve works are in every case of undoubted value; that is to say, they would in any case have had to be carried out in the next few years. The character of the reserve works is also determined, however, by the place in which the unemployment to be relieved is found, and generally speaking the authorities try to organise such works whenever possible in or near communes where unemployment is reported.

The following table shows the amount of employment provided on reserve works:

Year	Average total number unemployed	Average number employed on reserve works	
		Number	Per cent. of total
1932 . . . . .	63,972	25,997	40.1
1933 . . . . .	44,656	20,628	46.2
1934 . . . . .	21,302	11,996	56.3
1935 . . . . .	13,362	7,309	54.9

According to a statement made by the Government, the object of its unemployment policy in 1936 was to provide work on reserve works for 75 per cent. of the number of persons registered as unemployed and in need of assistance. As unemployment in Finland diminished considerably during the four years covered by the above table, the Government has been able to reduce the ordinary credits devoted to combating unemployment and to increase by that amount the credits for ordinary public works. This evolution is shown by the table below:

Year	Credits for public works (in million marks)	
	Ordinary works	Reserve works
1932 . . . . .	893.0	133.8
1933 . . . . .	827.1	312.5
1934 . . . . .	915.3	264.9
1935 . . . . .	1,032.5	83.6
1936 . . . . .	1,221.3	86.0

In *France*, Parliament has discussed a number of national equipment programmes in recent years. As early as 1930 came the Tardieu plan, which allotted 16,000 million French francs for carrying out all the improvements considered essential for making the chief public services adequate to meet modern requirements. At the same time rival plans were also submitted, including those of Mr. Bedouce (50,000 million francs over a period of seven years); Mr. Palmade (35,000 million francs); and Mr. Chabrun (65,000



million francs over a period of ten years). None of these extensive programmes was put into operation, however, and only partial measures were adopted up to 1934.

Thus in 1931 a preliminary sum of 670 million francs was voted by Parliament, followed by a second sum of 3,476 million francs in December of the same year, of which 1,165 million francs were allotted to the Ministry of Public Works, 708 million francs to the Ministry of Agriculture, 701 million francs to the Ministry of Education and Fine Arts, 400 million francs to the Ministry of Health and Social Assistance, etc. Only one-third of this total was actually used for new work, more than 2,000 million francs having been required for work already begun or completed.

These various plans were followed in October 1933 by a Bill dealing with the whole question of national equipment, introduced by the Daladier Government in connection with the programme of financial recovery. This Bill, which was definitely intended as a means of reducing unemployment, included special protective measures relating to the recruiting of labour, hours of work, the distribution of the works, and the choice of materials, and proposed the creation of a supervisory committee for the application of these measures. The total estimated expenditure for the period 1934-1937 was about 13,500 million francs, the money to be raised by means of an issue of Treasury bonds.

The question of national equipment was brought up again at the beginning of April 1934 by the Doumergue Government, with the result that a programme was adopted on the proposal of Mr. Adrien Marquet, to be financed by means of the reserves of the social insurance funds and of the General Guarantee Fund to an amount of 9-10,000 million francs. This sum was to be paid into a general fund administered by the Deposit and Trust Fund and spent over a period of six years exclusively for public works under the responsibility of the State. The works were to be carried out in different parts of the country in proportion to the volume of unemployment, so that specially important works would be undertaken in the Paris area, which included more than half the total number of wholly unemployed persons in receipt of assistance.

A Decree of 15 May 1934 set up a national committee for large-scale works against unemployment, whose principal duty was to draw up the programme of works.

The total amount of about 10,000 million francs to be spent on the works was distributed as follows:

Government department or local authority concerned	Total cost of works (million francs)	State contribution (million francs)
Local authorities (town planning, public health and underground railways in Paris, electrical works, works on the river port of Lyons, tourist facilities) . . . . .	2,995	nil
Large railway systems (electrification, signalling equipment, permanent way, stations) . . .	2,625	nil
Public Works Department (roads, ports, canals, level crossings) . . . . .	1,515	1,001
Agriculture (rural equipment) . . . . .	1,160	925
Education (building of schools, etc., fine arts) . .	1,070	808
Public health (cheap dwellings) . . . . .	400	payment of interest
Ministry of the Interior (roads) . . . . .	200	140
Air Ministry (airports, etc.) . . . . .	35	23
Total . . . . .	10,000	2,897

During 1935 further efforts were made to stimulate and accelerate the execution of public works, and five Legislative Decrees were issued on 8 August 1935, constituting an aggregate of measures commonly known as the Frossard plan. A further Legislative Decree of 30 October 1935 dealt with the erection of rural dwellings for large families. In addition to these measures concerning ordinary public works, reference should also be made to provisions for organising or facilitating the carrying out of works defined as relief works (Decrees of 15 February 1935, concerning State subsidies for relief works organised by departments and communes, and 23 February 1935, concerning work in State forests).

One of the distinguishing features of the measures adopted in August 1935 is the speeding up of the Marquet programme with a view to its completion before 31 December 1938 instead of the end of 1940 as originally intended.

Another characteristic is the tendency towards decentralisation of public works as regards their place of execution. In this connection Mr. Paganon, the then Minister of the Interior, made the following statement in December 1935: "Large-scale works of national importance are of value from a social rather than an economic point of view. As a rule they are more or less of a luxury, and it is the urban markets that benefit by them. But it is in the country, where unemployment in its severest form is rife, that it is important to restore activity and improve the purchasing power of workers who are insufficiently protected from the effects of unemployment."

Finally, there is the new programme which the Government was authorised by Parliament to undertake under an Act of 18 August 1936. This Act, which aimed at bringing about a reduction of unemployment, formed one of the most important measures in the economic and social programme adopted by the Government.

This Act required the Government, by means of Decrees issued up to 31 December 1936, when the measures taken and the proposed expenditure must be submitted to Parliament for ratification, to take the necessary administrative steps for the preparation and execution of a plan of large-scale public works. This plan, which is in addition to the existing programmes, is to be carried out in three years at a total cost of 20,000 million francs including the share of the local authorities, and is intended for the improvement of the economic, agricultural, health, scientific, artistic, educational, athletic, tourist, maritime, and colonial equipment of France, and in general for all necessary works of public utility. The share of the Ministry of Agriculture and the Ministry of Education will be not less than one-fourth each of the share borne by the State.

Steps were to be taken within three months, by the amendment and extension where necessary of the existing legislation, to expedite the expropriation procedure, to bring about all possible simplifications resulting from the application to the proposed works of the legislative provisions already applicable to military works and works in the Paris district, and to amend the plans of works covered by the Acts authorising colonial loans. In the same conditions the Government was to reorganise the different bodies in charge of co-ordinating the public works and town-planning programmes. It was also authorised to increase up to a fixed limit the technical staff engaged for the preparation and execution of these large-scale works. The Act authorised the Government to incur expenditure up to a maximum of 4,000 million francs before 31 December 1936, and for this

purpose to issue medium or long-term loans. A statement is to be prepared each year and attached as an appendix to the budget, showing the probable amount and distribution of the credits to be opened for public works under the Finance Act of 31 December 1935 and the Act of 18 August 1936.

Some details of public works policy in France and of the system established by the new Act are contained in the report of the Finance Committee of the Chamber of Deputies on the Government Bill which later became the Act in question.<sup>1</sup>

As regards the previous public works policy, the report showed that since the beginning of 1935 the execution of the Marquet Plan had entered its active phase. The number of workers employed in May 1936 was about 75,000 and the expenditure incurred had reached about 4,500 million francs by July. As a result, however, of the considerable changes that the Legislative Decrees of 28 and 30 October 1935 made in the working of social insurance, on which the financing of the Plan depends, it appeared that financial difficulties had occurred during recent weeks which would make it necessary to slow down the rate of execution of these works. The Finance Committee's report observed that the working of the different Acts and plans relating to national equipment had hitherto followed a complicated system which made it impossible to obtain any general view of the position, and stated that in so far as the national equipment works were concerned there remained considerable arrears to be liquidated, including the execution of the earlier plans, payments by the Credit Fund to the departments and communes, subsidies in the form of annual payments appearing in the local estimates, etc.

The Prime Minister informed the Committee that the Government did not intend to suspend the execution of the plans approved by Parliament and still in force, such as the Marquet Plan. On the contrary it proposed to speed up the works remaining to be completed under authority already granted by Parliament. Owing to successive reductions the credits for maintenance work had for many years been inadequate, and the information which the Government already had at its disposal showed that about 3,000 million francs would be needed for those works of the original programme which had been postponed.

In regard to the method to be followed in preparing the plan of works provided for under the Act of 18 August 1936, the above-mentioned report of the Finance Committee of the Chamber of Deputies stated that the plan would be the result of the combination of two series of proposals, one being described as centrifugal, the initiative of which was to come from the Government departments, and the other as centripetal and based on local initiative. In the first place, therefore, a plan of works would be prepared in each Ministry, but it must be expected that a selection would have to be made among the proposed works. In addition the Prime Minister stated that every municipal council, general council, and even every economic zone, would be required to draw up a kind of "equipment schedule" (*cahier d'outillage*) containing proposals for the carrying out of works of special local importance.

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<sup>1</sup> CHAMBRE DES DÉPUTÉS, *Document No 699 ; Rapport au nom de la Commission des finances par M. Jammy Schmidl, rapporteur général.*

The whole of the plans drawn up by the Government departments and the equipment schedules sent in by the local authorities would serve as the basis for the final equipment plan in such a way as to indicate in a synthetic form all the wishes of the nation in regard to large-scale works.

In French overseas territories very detailed schemes of national equipment and public works were prepared during the Economic Conference of France and the French Oversea Territories held in Paris from December 1934 to April 1935.

A Committee known as the Colonial Equipment Committee was constituted at the Conference and its general report<sup>1</sup> affirmed the necessity of works of reconstruction in the French possessions for improving conditions of production, facilitating the transport of produce to the markets, continuing works for the protection of health and population, technical and other education, construction of civil and military establishments, etc.

Its conclusions may be expressed in the following table which summarises for each French possession and each category of works the equipment schemes adopted by the Committee in the form of a general programme to be carried out in the course of 15 years.

# COLONIAL EQUIPMENT PROGRAMME

(in millions of francs)

Possession	Protection of health and population	Urban installations; administrative establishments; education	Improvement of production	Maritime works and inland navigation	Railways		Roads and bridges	Postal, telegraph and telephone services and radio (internal connections)	Total
					New lines	Improvement of existing lines and material			
Algeria . . . . .	200	—	200	260	—	440	—	—	1,100
Tunisia . . . . .	80	65	140	45	—	30	155	40	555
Morocco . . . . .	70	—	400	70	80	—	—	—	620
French West Africa	318	76	910	439	960	412	200	15	3,330
French Equatorial Africa . . . . .	128	45	197	314	5	51	100	10	850
Togo and Cameroun	48	23	95	53	—	—	57	4	280
Madagascar . . . .	68.4	51.6	156	159	20	35	90	5	585
Indo-China . . . . .	310	370	710	300	350	120	300	80	2,540
Other colonies . . .	128.3	253.8	28.5	203.5	—	8	183.9	9	811
Total . . . . .	1,350.7	884.4	2,836.5	1,843.5	1,415	1,096	1,085.9	163	10,675

General aviation . . . . .	265
Postal, telegraph and telephone services and radio (inter-colonial connections) . . . .	40
Development of mining industry . . . . .	200
General organisations for improvement and development of crops . . . . .	20
General total	11,200

<sup>1</sup> CONFÉRENCE ÉCONOMIQUE DE LA FRANCE MÉTROPOLITAINE ET D'OUTRE-MER : *Rapports généraux et conclusions d'ensemble*, Vol. II (1935), pp. 221-268.

In addition there are certain works of an "imperial" character requiring a special method of financing. These are the Mediterranean-Niger Railway, involving an expenditure of 2,600 million francs, and the Duala-Lake Chad Railway, involving 1,200 million francs, the total thus being 3,800 million francs.

This series of works (excluding those of an "imperial" character just mentioned) has been divided into two instalments, the first of which, extending over seven years, is summarised as follows :

FIRST INSTALMENT : COST OF WORKS TO BE EXECUTED FROM 1936 TO 1942  
(in millions of francs)

Possession	Protection of health and population	Urban installations ; administrative establishments ; education	Improvement of production <sup>1</sup>	Maritime works and inland navigation	Railways		Roads and bridges	Postal, telegraph and telephone services and radio (internal connections)	Total
					New lines	Improv. of existing lines and material			
Algeria . . . . .	100	—	—	100	—	390	—	—	590
Tunisia . . . . .	40	—	90	—	—	—	80	—	210
Morocco . . . . .	40	—	130	—	80	—	—	—	250
French West Africa	138	16	510	219	250	362	100	10	1,605
French Equatorial Africa . . . . .	48	10	47	164	5	16	40	10	340
Togo and Cameroon	18	8	40	3	—	—	27	4	100
Madagascar . . . .	23	26.6	56	109	—	35	40	5	300
Indo-China . . . .	110	80	340	60	130	50	100	30	900
Other colonies . . .	58	83.8	8.5	93.5	—	3	98.9	4	350
Total . . . . .	580.7	224.4	1,221.5	748.5	465	856	485.9	63	4,645
General aviation . . . . .									225
Postal, telegraph and telephone services and radio (inter-colonial connections) . . . . .									20
Development of mining industry . . . . .									100
General organisations for improvement and development of crops . . . . .									10
General total . . . . .									5,000

<sup>1</sup> Agricultural irrigation, land settlement, peasant holdings.

This equipment programme includes works amounting to more than 2,000 million francs, the execution of which has already been authorised by the loan legislation.<sup>1</sup> Moreover, the Committee only approved the initial construction expenses, excluding the working expenses of the equipment created and also all forms of assistance or loans to particular industries.

In conclusion the Committee considered that its equipment programme, amounting to 11,200 million francs (excluding the works of an "imperial" character) or 750 million francs a year for the whole of the French possessions, "was in no way excessive for an empire of 60 million inhabitants". It added : "The adoption of the Bill proposed is closely bound up with the public works plan called the

<sup>1</sup> The Committee found that the colonies are at present inclined to cease making use of the authorisation for loans to which they are now entitled, since the financial burdens involved exceed their capacity and would endanger their finances.

Marquet Plan which aims at stimulating our whole economic activity. Our Bill will constitute one of the primary and essential elements in the renovating and fruitful effort which is alone capable of restoring to our whole economic life, both at home and overseas, its activity, vigour and buoyancy. Unless energetic and decisive action is taken, these may slacken still further and the consequences may be fatal to the nation."

In *Germany* the first plan of public works, known as the "additional works programme", was drawn up by the Brüning Cabinet about the middle of 1930. That programme proposed the expenditure of 272 million RM. for railways, 200 million RM. for the postal service, and 100 million RM. for promoting house building. It is difficult to determine whether, and if so to what extent, the operation of this programme really created fresh opportunities of employment, or whether it merely made good the decline in public works in preceding years.

A second plan was prepared by the von Papen Government in 1932. With regard to public works (the plan also included measures for assisting private undertakings in the form of employment vouchers, bonuses to employers, etc.) this programme proposed an expenditure of 750 million RM. No definite information is available on this expenditure, but it would appear that the total was obtained by adding together certain credits already included in the Federal budget for public works and other amounts which it was hoped to obtain on the open capital market with the assistance of certain official financial institutions.

The third (Gereke) programme in January 1933 provided for 500 million RM. to be granted in the form of loans for the encouragement of work undertaken by the Federal Government, the municipalities, public corporations, and undertakings of a mixed character.

The fourth plan (the Reinhardt programme of June 1933) proposed that about 1,000 million RM. should be devoted to public works under the following heads: restoration of administrative buildings, dwelling houses, bridges and other property belonging to the States, communes, associations of communes, and public corporations, 200 million RM.; suburban small holdings, 100 million RM.; agricultural settlement, 50 million RM.; land improvement and regularisation of water courses, 100 million RM.; development of water, gas and electricity supplies 100 million RM.; repair work to private houses, subdivision of houses into small flats, etc., 100 million RM., later increased to 500 million RM.; earthworks, etc., 120 million RM.; and promotion of the building of small houses, 20 million RM.

A fifth programme was drawn up in the Unemployment Reduction Act of 21 September 1933, which authorised the Minister of Finance to spend a further 500 million RM. in the form of subsidies for work likely to increase employment in the building industry.

To these five programmes must be added that of the Act of 27 June 1933, which authorised the construction of a network of motor roads at an estimated cost of 1,400 million RM., a figure subsequently raised to 3,500 million RM. This network is to have a total length of 6,900 kilometres. At the end of 1935, contracts had been signed for the construction of 3,460 kilometres, and 1,808 kilometres were actually under construction. At the end of June 1936, 320 kilometres were open to traffic. Since the beginning of these works the cost of constructing the motor roads has been 1,056 million

DIRECT CREATION OF EMPLOYMENT : SITUATION AT END OF 1935 <sup>1</sup>  
(in million R.M.)

Programme	Date of promulgation of programme	Total value of works	Amount actually paid up to :		
			31/12/33	31/12/34	31/12/35
Suburban smallholdings :					
1st instalment . . . . .	December 1931	48	} 67	79	80
2nd instalment . . . . .	July 1932	25			
3rd instalment . . . . .	February 1933	10			
Papen Plan (combined figures) . . .	June and Sept. 1932	288	236	282	286
Subsidies for work on private houses . . . . .	September 1932	50	50	50	50
Loans for house building.	September 1932	20	4	17	20
Programme for immediate execution . . . . .	January 1933	500	} 350	560	589
Extension of above programme . . . . .	July 1933	100			
Subsidies for work on private houses . . . . .	January 1933	50	50	50	50
Reinhardt Plan . . . . .	June 1933	1,070	95	765	960
Subsidies for work on private houses : building . . . . .	September 1933	500	—	} 465	675
payment of interest . . . . .		332			
Total for Germany . . . .		2,993	852	2,268	2,710
Railways . . . . .	1932-1934	991	530	991	991
Postal service . . . . .	1932-1934	111	65	111	111
Motor roads . . . . .	June 1933	350	8	202	350
Federal Institution for Employment Exchanges and Unemployment Insurance <sup>2</sup> . . . . .	1932-1935	647	100	432	646
General total . . . . .		5,092	1,555	4,005	4,808

<sup>1</sup> These figures are derived from *Die Entwicklung der deutschen Bauwirtschaft u. die Arbeitsbeschaffung*, Reports for 1933, 1934 and 1935 published by the "Deutsche Bau- u. Bodenbank A.G." and the "Deutsche Gesellschaft für öffentliche Arbeiten A.G.". The table contains certain figures which differ somewhat from those given in the text above owing to the fact that they comprise a few measures for the creation of employment which are not mentioned in the text and that certain changes were made in the programmes in the course of their execution.

<sup>2</sup> Including relief works and 7 million RM. for the construction of small houses.

RM. as compared with receipts of only 6.6 million RM. By way of example it may be mentioned that in June 1936 the construction of motor roads gave employment amounting to 2,775,700 working days, the total number of days worked since the beginning of the works being at that date about 49.5 million.

Finally, to complete this picture, it should be noted that the works carried out by the Railway Administration and postal services amounted during the period 1932-1934 to 991 million RM. and 111 million RM. respectively.

As the credits overlapped from one financial year to another, it is impossible by merely adding the sums voted under each of the above programmes to arrive at the total amount spent by the German Government on public works in recent years. The table on page 30, however, gives some idea of the operation of these successive plans.

The table shows that there is a considerable time-lag and a certain reduction as between the expenditure originally estimated, the credits actually voted, and, finally, the amounts paid to contractors. A similar situation has arisen in many countries and may be explained in the case of Germany, as elsewhere, on the one hand by delays in voting the credits and on the other by tardiness in carrying out the work, which as a rule consists of navvying.

As regards the effect of the various public works on employment, it is very difficult to determine this, owing to the lack of definite data. Since no particulars are available concerning the ordinary estimates for public works, it is not possible to determine how far the various programmes mentioned above really involve new expenditure and how far they are simply transfers from items in the ordinary estimates.

The following figures may be given, however, of the total expenditure of the authorities during the period 1925 to 1933.

**TOTAL EXPENDITURE OF THE FEDERAL GOVERNMENT, STATES  
AND COMMUNES**

Financial year	Million RM.
1925-26 . . . . .	13,900
1926-27 . . . . .	16,400
1927-28 . . . . .	18,700
1928-29 . . . . .	19,600
1929-30 . . . . .	19,900
1930-31 . . . . .	19,300
1931-32 . . . . .	16,400
1932-33 . . . . .	13,800.

There was thus a decline of 17 per cent. from the year 1929-30 to the year 1931-32, and one of 31 per cent. to the year 1932-33.

In a study published by the Institute for Business Research (*Institut für Konjunkturforschung*) concerning the part played by public finance in the national economic system, the expenditure of the public authorities (Federal Government, States, and communes) is subdivided into five groups :

- (a) Expenditure contributed to individual income : salaries, wages and pensions ;
- (b) Expenditure relating to the debt service and accumulation of funds ;
- (c) Expenditure on social insurance ;
- (d) Expenditure on maintenance and repairs ;
- (e) Expenditure on economic production.



The last item includes expenditure on the purchase of materials, construction loans for the building or purchase of houses, and subsidies. From 1928-29 to 1931-32 it decreased from 7,200 million RM., or 35.6 per cent. of the total, to 4,500 million RM., or 29.6 per cent. (the total expenditure fell from 20,200 million to 15,200 million RM.; it will be noted that these figures do not coincide exactly with those in the above table).

More recently the Institute for Business Research has expressed the opinion that the public works policy adopted in Germany has had the effect of reviving economic activity and easing the financial situation of the country and of the States and communes. The general revenue during the financial year 1934-35 exceeded by 1,700 million RM. that of 1932-33.<sup>1</sup>

In 1934 the investments made by public departments amounted to 29 per cent. of the whole of the national investments (7,492 million RM.). That part of public investments in general (including those devoted to armaments and house building) which is subject in a very large measure to the influence of the public authorities formed 67 per cent. of the total (20 per cent. for house building). The investments made by the Federal railways amounted in 1934 to 8.1 per cent. of the total national investments.

In *Great Britain* every year a considerable number of public works are carried out as part of the normal activities of the Government. One of its main activities in this field is the maintenance and development of the postal, telegraph and telephone systems. The total expenditure on this service rose from £60 million in 1928-29 to £64,476,000 in 1934-35. The Post Office is, however, a self-balancing item in the budget, and its income during the same years was £69 millions and £76,420,000.<sup>2</sup> In March 1935, under the Post Office and Telegraph (Money) Act, an amount of approximately £34 million was authorised for further capital expenditure mainly for telephone development. Acceleration of telephone development was anticipated and a forward policy was advocated by the Postmaster-General as money was cheap and the prices of telephone plant appreciably lower than those obtaining a few years previously. Another advantage put forward by the Minister was that some 70 per cent. of the total capital spent would be on direct and indirect labour in the country.<sup>3</sup>

Forestry is another activity carried on by the State, and the annual grant of £450,000 which has been made to the Forestry Fund since 1931 has been raised to £500,000 for a period of five years. The Chancellor of the Exchequer estimated that this sum would enable the Commissioners, with certain other assistance from revenue and land acquisition powers, gradually to expand their normal planting programme to 30,000 acres per annum, an increase of nearly 50 per cent. on the planting programme for recent years. After consideration of the report of the Commissioner for the Special Areas (England and Wales) the Forestry Commissioners were authorised early in 1936 to proceed with a first instalment of an afforestation scheme within about 15 miles of the special areas which is estimated

<sup>1</sup> *Vierteljahrshefte zur Konjunkturforschung*, No. 3, Part B, November 1935.

<sup>2</sup> BOARD OF TRADE: *Statistical Abstract for the United Kingdom*, Cmd. 5144, p. 307.

<sup>3</sup> *Parliamentary Debates, House of Commons*, 15 February 1936.

to require additional grants-in-aid to the Forestry Fund of about £1,650,000 over a period of years. It is estimated that employment will be given to an average of 2,000 manual workers yearly and will enable a thousand families to be settled permanently on the land by the creation of forest workers' holdings.<sup>1</sup>

The principal function of the Government in respect of developmental work lies, however, not in the work it undertakes itself, but rather in the financial assistance it gives for this purpose by means of grants, loans and regular subsidies to local authorities and public utility undertakings and to various branches of industry and agriculture.

The following table gives some idea of the work thus carried out by the State itself or through its instrumentality :

Service	Expenditure 1934-35 (actual)	Expenditure 1935-36 (estimated)
	£	£
Grants to public utility companies under Part I of the Development (Loan Guarantees and Grants) Act, 1929 . . . . .	925,000	990,000
Slum clearance . . . . .	757,000	1,327,000
Other housing grants . . . . .	15,182,000	14,910,000
Commissioners for the special areas . . . . .	28,000	1,893,000
Grants in respect of employment scheme (Part II of Development (Loan Guarantees and Grants) Act, 1929). . . . .	4,200,000	4,200,000
Rural water supply grants . . . . .	7,000	320,000
Expenditure by Office of Works on new works, etc. . . . .	577,000	707,000
Agricultural development and subsidies including land settlement :		
(a) Grants . . . . .	9,838,000	10,957,000
(b) Loans . . . . .	—	9,000
Forestry . . . . .	450,000	450,000
Fishery development, including the herring industry :		
(a) Grants . . . . .	652,000	58,000
(b) Loans . . . . .	14,000	5,000
Tramp shipping subsidy . . . . .	700	1,999,000
Ships replacement loans (repayable advances)	—	619,000
Grants by Department of Scientific and Industrial Research to research associations . . . . .	86,000	103,000
Grants by Board of Trade to British Standard Institution . . . . .	3,000	3,000
Civil aviation subsidies . . . . .	458,000	352,000
Light horse breeding . . . . .	5,000	5,000
Mechanical transport subsidy . . . . .	600	200
Road Fund grants . . . . .	18,149,000	19,728,000
Postal and telephone loan expenditure . . . . .	7,653,000	10,485,000
Advances to Cunard-White Star Company . . . . .	2,043,000	1,500,000
Total . . . . .	61,028,300	70,620,200*

\* *Parliamentary Debates, House of Commons, 18 March 1936.*

<sup>1</sup> Cmd. 5090, and *Parliamentary Debates, House of Commons, 20 February 1936.*

A report issued early in 1935 by the Special Committee for Public Relations of the Building Industries National Council in Great Britain urges the adoption of a long-term public works policy in that country. The economy campaign led by the British Government in 1931 and subsequent years focused the attention of the Committee on the general problem of fluctuations in employment and activity in the building industry as they are affected by the expenditure of public authorities on capital works. The resultant report<sup>1</sup> outlines a policy which in the opinion of the Council will reduce the average level of unemployment over a period of years, reduce the extent of fluctuations about that average, and reduce the cost of the necessary works and services to the community. The basic principle underlying this policy is that "public authorities should accept as a long-term policy the guiding principle that their programmes of capital expenditure should be so arranged that works are undertaken in time of depression rather than in time of boom".

In *British Colonies*, under the British Colonial Development Act which became law in 1929 an Advisory Committee was established with power to make grants or loans to the British colonies, protectorates, and mandated territories for the development of agriculture and industry in those territories. A Colonial Development Fund was also created, to consist of an amount not exceeding £1,000,000 a year to be voted annually by Parliament. The schemes for which money would be granted included promotion of scientific research and experiments in the science and practice of agriculture and industry; organisation of co-operation and instruction in the growing and marketing of produce; encouragement of the adoption of improved machinery and equipment for cultivation; improvement of internal transport and communications; promotion of the development of mineral resources; harbours; fisheries; forestry; drainage; water supplies and water power; and surveys. Importance was attached by the Committee to schemes designed to raise the general level of public health; the economic justification in the Committee's view being the consequent improvement which might be anticipated in the productive capacity of the population affected, resulting in increased purchasing power.

Scheme	Total assistance approved £
(a) Agricultural development, etc. . . . .	194,260
(b) Internal transport and communications . . . .	1,678,315
(c) Harbours . . . . .	419,250
(d) Fisheries . . . . .	100,000
(e) Forestry . . . . .	51,744
(f) Surveys . . . . .	172,710
(g) Land reclamation and drainage . . . . .	28,610
(h) Water supplies and water-power . . . . .	364,935
(i) Electricity . . . . .	49,043
(j) Mineral resources . . . . .	740,050
(k) Scientific research, etc. . . . .	322,076
(l) Public health . . . . .	504,246
(m) Miscellaneous . . . . .	205,094
Total . . . .	4,830,333

<sup>1</sup> BUILDING INDUSTRIES NATIONAL COUNCIL, SPECIAL COMMITTEE FOR PUBLIC RELATIONS: *Report on Long-Term Public Works Policy*. London, 1935.

The total amount of assistance applied for from the Fund during the year ended 31 March 1935 was £1,242,253, and the total amount recommended was £1,088,785, as compared with £952,054 and £849,684 respectively during the two previous financial years. The statement on the preceding page shows the total assistance approved from the Fund for the various types of schemes from August 1929 to 31 March 1935.

Among the conditions attached to the grant of assistance it was laid down that schemes must be economically sound though not necessarily immediately remunerative; they must be such that the colonial government could not without difficulty undertake them out of its own resources; conditions of work and rates of payment must be in accordance with statutory requirements; and, save in exceptional circumstances, all orders for imported material, etc., must be placed in the United Kingdom and the plant, machinery and materials, etc., must be of British origin and manufacture.<sup>1</sup>

In *Greece* the Government recently drafted a five-year plan for small and medium-scale irrigation and drainage works. The object of the projects contemplated is the utilisation of marsh land (draining by means of ditches), the irrigation of land at present too dry, the construction of dykes for protection against floods, and the collection of rain water for the needs of agriculture and stock-raising in the summer. The projects for which the plan provides may be divided into two classes: those already contemplated by the Ministry of Communications, but not yet undertaken owing to lack of funds; and new projects.

Work in the former class requires an expenditure of 131 million drachmas. A credit of 15 million drachmas for this purpose already figures in the national budget, and the rest will be met by means of a loan of 82 million drachmas and by annual Government subsidies.

As to work in the latter class, the cost, according to estimates already prepared, will amount to 699 million drachmas. The Agricultural Bank will finance most of these projects: of the total sum required, it will provide 633.5 million drachmas within five years, beginning with the year 1937-1938. The remainder will be included in the national budget in five annual instalments.

The Agricultural Bank has decided in what order the projects will be undertaken, with reference to their cost and the relative utility of each. If the credit allotted to a project is exhausted before the work is finished, the project will be completed at the expense of the person (landowner) who will benefit by it, who will also undertake the service of any loans contracted with a view to completion. The charge to be borne by each landowner will be fixed in consideration of the profit he will obtain and his capacity to pay. A certain proportion of such charges will also be borne by the communities concerned, a certain percentage being levied on their revenue with this end in view.

In *Hungary* the Minister of Commerce recently announced that the following works had been begun: the renewal of 1,000 kilometres of permanent way, the construction of approach roads for a large number of communes hitherto neglected, a motor road from Foldes to Berettyonjfalú, and a bridge across the Tisza at Tiszapolgar.

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<sup>1</sup> Information taken from the *Annual Reports of the Colonial Development Advisory Committee*.

In the *Irish Free State* various works have been carried out in recent years.

(1) In the first place grants have been made available for the financing of works in connection with land reclamation. The land reclamation scheme was originally designed to encourage certain smallholders whose valuation did not exceed £10 to add to their uneconomic holdings by reclamation and bringing into cultivation non-arable and waste portions of their land. The following table shows the amount expended, the number of applicants who qualified for grants and the area reclaimed during each of the five financial years 1931-1932 to 1935-1936 :

Year	Number of applicants who qualified for grants	Area reclaimed		Amount of grants paid	
		a.	r. p.	£	s. d.
1931-32 . . . . .	266	175	0 0	750	0 0
1932-33 . . . . .	2,373	1,918	0 16	8,277	9 4
1933-34 . . . . .	4,083	2,825	2 8½	12,123	11 9
1934-35 . . . . .	3,550	2,420	1 36	10,593	10 6
1935-36 . . . . .	4,192	2,502	2 5	11,652	6 7

(2) The Annual Parliamentary Vote for the service of the Irish Land Commission includes a sum for the improvement of estates coming within the Commission's operations under the Land Purchase Acts. Expenditure on Estate Improvements is incurred (i) on the improvement of existing holdings in matters of drainage, roads of access, etc.; (ii) on the equipment of new holdings; and (iii) on embankments, the reclamation of waste land, etc. The total expenditure on Estate Improvements including certain miscellaneous items and supplies not strictly in the nature of actual works during the five years ended 31 March 1935 was as follows :

Year ended 31 March	Buildings	General improvements	Total
	£	£	£
1931. . . . .	61,033	122,021	183,054
1932. . . . .	54,290	100,816	155,106
1933. . . . .	63,910	111,106	175,016
1934. . . . .	74,763	153,249	228,012
1935. . . . .	125,814	192,909	318,723
Total . . . . .	379,810	680,101	1,059,911

(3) State Forestry operations are undertaken for the purpose of improving the timber resources of the Irish Free State. The expansion of forestry operations and the corresponding increase in employment given by these operations are shown by the following figures :

Year	Amount voted for forestry service as a whole	Number of acres planted	Maximum number of unskilled labourers employed
	£		
1932-33 . . . . .	62,015	3,564	730
1933-34 . . . . .	92,226	4,179	1,305
1934-35 . . . . .	121,869	5,511	1,310
1935-36 . . . . .	230,510	6,923	1,960

(4) During the five years ending 31 March 1934 the expenditure on administrative buildings, exclusive of the telegraph, telephone and wireless broadcasting installations, was about £1,025,000, all of which was provided from State funds. In addition, about £600,000 was expended on the erection and improvement of primary schools, towards which contributions amounting to about £130,000 were made from local sources. The expenditure on new administrative buildings in 1934-35 was approximately £139,000, while the expenditure on school buildings was about £171,000, of which about £41,000 was provided from local sources. The corresponding figures for 1935-36 were £141,000, £170,000 and £43,000.

(5) The Electricity Supply Board has carried out various works in the five years ended 31 March 1936, at a total cost of about £1,500,000.

(6) Special works for the relief of unemployment costing about £350,000 were undertaken in the five years ending 31 March 1934. In 1934-35 the expenditure on works of this character amounted to approximately £189,000 and in 1935-36 to approximately £178,000. With the exception of some trivial local contributions, the entire cost of these works has been borne from State funds.

In *Italy* the extensive public works undertaken on the basis of a comprehensive plan drawn up in 1922 are one of the most important features of the efforts made by the Government to improve the economic situation of the country and reduce unemployment. Since December 1922 the Government has had full powers to reform the administration of public works. Its first reform, in 1923, was to concentrate under the Ministry of Public Works the various services scattered over other Ministries and to amalgamate the supervisory bodies into a single central service with three sections, one for north Italy, one for the centre, and one for the south. The next step was to set up under a Royal Decree of 7 June 1925 seven inspectorates for public works (*Provveditorati alle opere pubbliche*) with extensive administrative and financial powers. Finally, in order to supplement these measures and completely to unify the organisation and execution of public works, the Government set up in 1928 an independent Road Board (*Azienda autonoma statale della strada*), attached to the Ministry of Public Works, and in 1929 it amalgamated into a single department (*Sotto-segretariato della bonifica integrale*) the various services dealing with land improvement which were previously attached to the Ministries of Public Works and of National Economy.

From 1 November 1922 to 1 January 1935 the official figures show that the total expenditure on public works of the Ministry of Public Works, the Road Board, and the Under-Secretariat for Land Improvement was about 22,000 million lire (at current values). This figure, however, represents only the actual expenditure during the period in question. To obtain a closer approximation to the facts it is necessary to add the figures in the budget estimates showing the expenditure incurred by the State during the period not only for completed works but for those in progress, which are not actually paid for until some future financial year. If these estimates are taken into account, the three departments chiefly interested in the execution of public works were alone responsible

for expenditure during the period October 1922 to October 1932 amounting to 36,990 million lire, of which 28,441 million were for the Ministry of Public Works, 3,357 million for the Road Board, and 5,192 million for the Under-Secretariat for Land Improvement.

The following table shows the cost of public works at the end of each year and the respective contributions of the State and the bodies subsidised by it.

# ESTIMATED COST OF PUBLIC WORKS

(in thousands of lire)

End of year	Public works in course of execution		Total
	By the State	By subsidised bodies	
1925 . . . . .	3,332,517	497,690	3,830,207
1926 . . . . .	3,697,746	552,192	4,249,938
1927 . . . . .	3,749,320	560,571	4,309,891
1928 . . . . .	4,123,405	508,993	4,632,398
1929 . . . . .	4,682,136	650,103	5,332,239
1930 . . . . .	5,006,126	901,107	5,907,233
1931 . . . . .	4,707,394	978,375	5,685,769
1932 . . . . .	4,630,417	1,242,998	5,873,415
1933 . . . . .	4,277,004	1,226,631	5,503,636
1934 . . . . .	3,790,321	1,103,969	4,894,290

During the period 1927-1934 the total number of days' work paid for each year was as follows :

1927 . . . . .	25,180,606
1928 . . . . .	25,956,263
1929 . . . . .	32,430,680
1930 . . . . .	38,630,020
1931 . . . . .	35,420,157
1932 . . . . .	38,465,169
1933 . . . . .	44,257,196
1934 . . . . .	39,001,949

It may be worth noting that the following instructions were given to the bodies carrying out the programme of public works :

- (a) Preference to be given to operations for the completion of works already in progress, and in the case of operations on a large scale, arrangements to be made for carrying them out in accordance with a plan.
- (b) In urban centres where unemployment has reached considerable dimensions, preference to be given to the erection of public buildings.
- (c) In cases of equal urgency and necessity, works distributed over a large area to be chosen in preference to those concentrated in a single locality.
- (d) In the territorial distribution of works for the Public Works Department regard to be had to all other works that may be undertaken by any other Government department or by local authorities, and also to the extent of unemployment.

In addition, the Italian Government has undertaken or is contemplating the execution of the following works in East Africa :

(a) Roads. — Since May 1936 orders have been given for the construction of roads intended to constitute the basis of the future road system. The immediate construction of the following roads has been decided upon : Om-Ager-Gondar-Debra Tabor-Dessié, 650 kilometres ; Debra Tabor-Debra Marcos-Addis Ababa, 500 kilometres ; Adigrat-Dessié-Addis Ababa, 850 kilometres ; Assab-Dessié, 500 kilometres ; Addis-Ababa-Gimma, 300 kilometres.

The construction is afterwards contemplated of a main highway which will join up Addis-Ababa and Dolo, passing by Allata and Neghelli ; this road, which will be nearly 1,100 kilometres long, will link up the capital of Abyssinia with the lake district, and in consequence, with Somaliland. The construction of a secondary road system will be put in hand at the same time, which will connect up the main roads.

(b) Post and telegraph. — Big post offices have been constructed at Gondar, Dessié, Djigjiga, Harrar, Diredaoua. In addition, an office has been constructed at Addis-Ababa to deal with communications between Italy and the principal cities of East Africa.

(c) Finally, the Italian authorities are studying the construction of a railroad system to connect the principal ports with the inland towns.

In *Japan* the policy of currency expansion pursued since December 1931 has been accompanied by a large-scale policy of public works, financed in 1932 and 1933 up to a total of 400 million yen by Government loans from the National Bank. The total expenditure on public works was 244 million yen in 1932, 443 million yen in 1933, and about 205 million yen in 1934.

Further, according to the budget estimates the expenditure specially undertaken by the authorities to reduce unemployment amounted, if railway works are left out of account, to 1,250 million yen in 1932, 2,254.7 million yen in 1933, 2,163 million yen in 1934, and 2,215 million yen in 1935. In these four years public works expenditure formed 14.2 per cent., 14.4 per cent., 12.5 per cent., and 8.3 per cent. respectively of the total budget.

In 1934 the various public works executed or subsidised by the Government furnished temporary employment to 4,258,674 workers.

As regards works undertaken in *Japanese colonies and possessions*, the expenditure was as follows in millions of yen :

	1932	1933	1934	1935
Korea . . . . .	81.7	88.5	108.2	120.1
Formosa . . . . .	14.9	15.2	16.1	16.6
Karafuto . . . . .	3.8	4.7	6.7	9.1
Other possessions . . . .	2.3	3.0	2.8	3.4
Total . . . . .	102.7	111.4	133.8	149.2



In *Latvia* the Government and the municipal authorities have spent the following sums on the organisation of public works during the last three financial years :

Year	Grants in lats <sup>1</sup> by		Total
	Government	Municipal authorities	
1933-34 . . . . .	8,436,000	479,000	8,915,000
1934-35 . . . . .	7,104,000	174,000	7,278,000
1935-36 . . . . .	6,160,000	128,000	6,288,000

<sup>1</sup> 100 lats=about 84 Swiss francs.

Of the 6,160,000 lats granted by the Government out of its ordinary budget and from the Unemployment Fund in 1935-36, 5,603,000 lats were put at the disposal of the different Government departments, and 556,500 lats were allotted to the municipal authorities as loans or non-repayable grants.

In the *Netherlands* the Government expended during the period 1920-1934 a sum of 1,649 million gulden for the execution of public works, while the communes devoted a sum of 490 million gulden to the same purpose.

The following table shows the nature of these works :

	Thousands of gulden
Fishing port of IJmuiden . . . . .	1,500
Zuiderzee works . . . . .	212,000
Bridges . . . . .	19,000
Roads : State . . . . .	140,000
Provincial . . . . .	60,000
Canalisation of the Maas . . . . .	85,000
Amsterdam-Rhine . . . . .	3,620
Canals of the Twenthe . . . . .	20,000
(district in the Province of Overijssel)	
Widening of the "North" River . . . . .	2,100
Widening of the "Nieuwe Waterweg" . . . . .	7,000
Construction of lock at IJmuiden . . . . .	19,520
Widening of the North Sea Canal . . . . .	5,200
Port of Delfzijl . . . . .	1,600
Wilhelmina Canal . . . . .	9,300
Locks at Wemeldinge and Hansweert . . . . .	1,100
Widening of the canal through the Island of Zuid-Beveland . . . . .	532
Improvement of the rivers Linde, Regge, Berkel, Vecht . . . . .	8,000
Water Administration District of Vollenhove . . . . .	10,000
Groningen canals, Friesland . . . . .	
Port of Flushing . . . . .	5,300
Navigable route from Dordrecht to the sea . . . . .	6,300
Strengthening of the dykes of North Holland . . . . .	16,000
Port of Harlingen . . . . .	760
Railway works : A . . . . .	35,000
B. . . . .	110,000
Electricity works . . . . .	300,000
Amsterdam-Rotterdam . . . . .	7,500
Canals of West Friesland . . . . .	2,000

	Thousands of gulden
Hilversum-Vecht . . . . .	1,000
Widening of the Maas for large deflections . . . . .	7,300
Eindhoven Canal . . . . .	1,230
Advances by the State and communes for building. . . . .	542,000
Contributions to the same . . . . .	7,000
Total. . . . .	1,649,862

These sums do not include the works executed with the assistance of the extraordinary credit of 60 million gulden voted by the States-General in 1934, or the unemployment relief works which gave employment to an average of 50,000 workers during the last four years of depression.

Schemes are already in existence for future years involving a total sum of about 100 million gulden.

In *New Zealand* during the depression years the expenditure on public works by the Government showed marked decreases, as appears from the table below.<sup>1</sup> Whereas total expenditure by the Government on public works was £7.5 million in 1929-30 and £8.2 million in 1930-31, it had fallen to £4.6 million in 1931-32 and £1.8 million in 1932-33, and it was still at a low level in 1935-36.

Year ending 31 March	Expenditure on public works £
1929 . . . . .	7,650,000
1930 . . . . .	7,510,000
1931 . . . . .	8,220,000
1932 . . . . .	4,630,000
1933 . . . . .	1,770,000
1934 . . . . .	2,180,000
1935 . . . . .	2,420,000

The distribution of this expenditure on the different types of public works was as follows : <sup>2</sup>

TYPES OF EXPENDITURE ON PUBLIC WORKS  
1929-1935

Year ending 31 March	Railways	Roads	Telegraph extension	Develop- ment of water power	Public buildings	Lands and river improve- ment, etc.	Other <sup>1</sup>
	£	£	£	£	£	£	£
1929. . .	3,120,000	1,770,000	624,000	970,000	589,000	274,000	310,000
1930. . .	2,980,000	2,160,000	594,000	504,000	772,000	262,000	235,000
1931. . .	3,020,000	2,230,000	420,000	1,190,000	924,000	234,000	208,000
1932. . .	950,000	1,470,000	250,000	1,240,000	455,000	118,000	152,000
1933. . .	160,000	540,000	100,000	589,000	91,000	107,000	188,000
1934. . .	130,000	551,000	144,000	570,000	149,000	153,000	479,000
1935. . .	125,000	690,000	136,000	556,000	287,000	188,000	434,000

<sup>1</sup> Includes amounts (1932-33, £119,000 ; 1933-34, £352,000 ; 1934-35, £348,000) voted for settlement of unemployed workers on the land.

<sup>1</sup> Cf. *Official Year-Book*, 1933, p. 426 ; 1936, p. 438.

<sup>2</sup> *Ibid*, 1933, p. 427 ; 1936, p. 438.

It will be seen from the above table that while expenditure on railways was the most important item of expenditure prior to 1931, it was among the least important in the final years of the depression. This was due partly to the establishment of a Railway Board in 1931 and partly to the cessation of borrowing by the Government during the depression years. The Railway Board was set up in an attempt to stop the drift in railway finance, which was having an embarrassing effect on the budget of the Government, and to exercise a control over the construction of new lines. One of the first actions of the Board was to stop current construction on new lines. The reduction in road expenditure was due partly to reduced borrowing and partly to the appropriation of highways revenue from taxes on motor cars and motor accessories for general purposes.

In the past New Zealand has borrowed very heavily for developmental purposes and the large size of the public debt, particularly the external debt,<sup>1</sup> has been a factor of some importance in rendering it difficult to make the necessary internal adjustments during periods of sharply falling prices. Moreover, the opinion was expressed that the country was becoming over-capitalised in regard to public works. "Even apart from the depression . . . some reduction of capital expenditure on public works would have been necessary. If the volume of capital works undertaken by the Government and by local bodies is considered in relation to existing population, there can be no doubt that much of this work was greatly in advance of its time. This condition may be remedied gradually as population increases, but it adds appreciably to the problem of readjustment on account of the additional burden of debt and debt maintenance which it has necessitated".<sup>2</sup> An indication of the policy of reduced borrowing (whether internal or external) is given in the figures of the long-term debt, which increased only from £201 million in 1920 to £280 million in 1935.

A change of policy became evident in 1935. The original estimates of that year provided for a capital expenditure of £3,750,000 for 1935-36 of which public works accounted for some £2,960,000, an increase of half a million over the previous year. This amount was to be provided out of loan moneys but it was to be provided from Government accounts, no public issue being necessary for the purpose.<sup>3</sup> At the same time it was announced that a departmental committee was to undertake a survey of public works upon which larger numbers of the unemployed might be given work. Another function of the Committee was "to collect and arrange in convenient form information on which a long-range programme of public works covering several years may be based". It was stated that "this does not necessarily involve an increase in the total of public works, but it should enable the public works programme to be more closely related to the general economic position. In addition, it will enable preliminary surveys to be made so that works may be commenced just when required."<sup>4</sup>

<sup>1</sup> An indication of the transfer problem is given by the following quotation: "To meet interest payments on the overseas debt Australia had in 1929 a transfer problem amounting to nearly £4 10s. per head, much higher than Germany and any other country except New Zealand" (Copland, *Australia in the World Crisis*, p. 16).

<sup>2</sup> *Report of the Economic Committee*, 1932, p. 7.

<sup>3</sup> *Budgetary Statement*, 1935, p. 13.

<sup>4</sup> *Public Works Statement*, 1935, p. ii.

On 1 November 1935 the Minister of Finance announced a programme of works additional to the estimates for 1935-36, to give employment to 9,500 men at a cost of £3.5 million, the periods of employment to be given varying from a few months to three years. The additional works were to cover irrigation schemes; river protection work; the reclamation of land; road improvements; the building of hospitals, wharfs, aerodromes, and the preparation of landing grounds; and the elimination of various railway level crossings.<sup>1</sup>

The present Labour Government is carrying out extensive public works, involving an expenditure of £17.5 million spread over approximately three years. The Railway Board mentioned previously is to be abolished and there is to be an immediate resumption of work giving employment to from 1,000 to 1,500 men.

In *Poland*, apart from the works undertaken by the public authorities under the ordinary budget, the data for which cannot be compared year by year, the principal institution for financing public works is the Employment Fund, which seeks to concentrate its efforts on a comparatively restricted number of works that offer undoubted advantages for combating employment and developing the national equipment.

#### PUBLIC WORKS FINANCED BY THE EMPLOYMENT FUND

Category of works	1933-1934		1934-1935		1935-1936*	
	Thousand zlotys	Per cent.	Thousand zlotys	Per cent.	Thousand zlotys	Per cent.
Roads and bridges:						
Paved roads and bridges . .	11,470	23.0	22,530	28.7	29,492	32.1
Surfacing of streets . . . .	3,938	7.9	6,419	8.2	8,682	9.5
Total . . . . .	15,408	30.9	28,949	36.9	38,174	41.6
Railways and tramways:						
Railways . . . . .	3,632	7.3	4,483	5.7	1,370	1.5
Tramways . . . . .	989	2.0	172	0.2	—	—
Total . . . . .	4,621	9.3	4,655	5.9	1,370	1.5
Waterways and ports . . . .	2,354	4.7	5,709	7.4	10,058	11.0
Land improvement . . . . .	9,047	18.1	8,550	10.9	10,720	11.7
Water supply and canalisation	8,282	16.6	9,641	12.3	16,582	18.0
Electrification . . . . .	726	1.4	2,940	3.7	687	0.8
Distribution of gas . . . . .	923	1.8	1,305	1.6	—	—
Building:						
Public buildings . . . . .	4,486	9.0	5,872	7.5	1,867	2.0
Dwelling houses <sup>1</sup> . . . . .	2,636	5.3	6,038	7.7	5,640	6.2
Total . . . . .	7,122	14.3	11,910	15.2	7,507	8.2
Technical studies and schemes	84	0.2	1,394	1.8	1,450	1.6
Other works <sup>2</sup> . . . . .	1,324	2.7	3,339	4.3	5,168	5.6
General total . . . .	49,891	100.0	78,473	100.0	91,714	100.0

<sup>1</sup> Including improvement of building land.

<sup>2</sup> Various urban works, etc.

\* Budget estimates.

In April 1935 the President of the Employment Fund declared that in the work of the Fund economic and social aims should be brought into harmony, but that at a time when unemployment was so acute social interests must take precedence over purely economic interests. Basing its action on this principle, the Fund is devoting a large part of its resources to the financing of works for developing means of communication and in particular the construction of roads. Such works, in fact, are not only of great economic importance, but they require heavy expenditure on labour and accordingly have considerable social effect. Moreover, as they are not directly remunerative, they must necessarily be financed with the assistance of public funds.

The table on page 43 shows the distribution of credits granted by the Employment Fund for the different categories of works during the last few years.

The general total of the credits allocated by the Employment Fund to the financing of public works thus increased considerably after 1933, rising from nearly 50 million zlotys in 1933-34 to over 90 million zlotys in 1935-36. The table also illustrates the tendency, referred to above, to concentrate on efforts to develop means of communication. The proportion of the credits allotted to roads and bridges rose from 30.9 per cent. in 1933-34 to 41.5 per cent. in 1935-36. Similarly, there was a considerable increase in the sums for the development of waterways, but those allocated to railways declined from year to year.

The following table shows the technical results of the works financed by the Employment Fund.

TECHNICAL RESULTS OF WORKS FINANCED BY THE EMPLOYMENT FUND  
(1 April to 31 December 1934)

Category of works	Technical results	Share of Employment Fund in cost of construction (Per cent.)
Roads and bridges :		
Paved roads and bridges	New roads : 249 km. Reconstructed roads : 20 km.	57.3
Surfacing of streets . .	New streets : 78.7 km.	77.2
Railways and tramways :		
Railways . . . . .	Railway lines : 20 km.	64.3
Tramways . . . . .	Tramways lines : 1.1 km.	51.8
Waterways and ports . .	Navigable rivers regularised : 28 km.	69.4
Land improvement . . . .	Rivers regularised : 25.8 km. Drainage canals : 27.6 km.	
Water supply and canalisation . . . . .	Special improvements : 4,708 hectares Canals : 74 km.	87.3
Electrification . . . . .	Pipes : 74 km. Interurban lines : 333.8 km.	70.2
Distribution of gas . . . .	Low tension lines : 28 km.	69.5
Building :	Gas mains, etc. : 41.6 km.	44.7
Public buildings . . . .		
Dwelling houses <sup>1</sup> . . . .	Construction : 841,000 cu.m. Construction : 71,000 cu.m.	61.9
Other works . . . . .	Improvement and consolidation of building land : 394,000 sq. m.	82.6
	—	65.0

<sup>1</sup> Including improvement of building land.

In addition to the works financed by the Employment Fund, the public authorities have prepared a certain number of general plans in regard to work on roads, railways, navigable waterways, sea ports, and the postal, telegraph and telephone services.

As regards roads, the development and modernisation of the road system forms the subject of a general plan, which takes into account not only the credits granted by the Employment Fund but all other public loans allocated to this kind of works.

During the years of economic depression the sums allocated for the upkeep of roads and the development of the road system had been very heavily reduced in spite of the fact that the system was altogether inadequate for the economic needs of the country.

At the beginning of 1935 the Ministry of Communications established a "two-year road plan", which was approved by the Council of Ministers and served as a basis for the works undertaken in 1935 and 1936, during which period 1,200 kilometres of State roads were to be reconstructed. This two-year plan forms part of a larger programme extending over a period of six years and involving a total expenditure of about 95 million zlotys on the construction of new roads and 325 million zlotys for resurfacing 4,700 kilometres of existing roads. As regards the construction of new roads, the Ministry of Communications is aiming at a density of 30 kilometres of roads to every 100 square kilometres, or twice as high as the present density. This will necessitate the construction of about 58,000 kilometres of roads, of which 3,800 kilometres will be State roads, 17,500 kilometres departmental and district roads, and 37,000 kilometres communal roads.

The plan for the development of the railway system provides for the construction of about 1,400 kilometres of new lines at a cost of 500 million zlotys. In addition 50 million zlotys will be devoted to the reconstruction and strengthening of a certain number of bridges on existing lines. The execution of the complete programme of railway works, spread over a period of ten years, is estimated to entail an average annual expenditure of 150 million zlotys.

As regards navigable waterways, the Government has drawn up a large number of schemes and some of the more important works have been begun and partly carried out. The principal works consist in constructing canals and making the watercourses navigable along the "south to north axis" (the Vistula), in order to connect the coalfield and industrial centre of Silesia with the sea, and along the "east to west axis", to ensure commercial communications and establish a connection between Eastern and Western Europe.

The works in sea ports (Gdynia and Hel) involved a total expenditure during the period 1929 to 1935 of about 100 million zlotys, and it was estimated that further expenditure during the financial year 1935-1936 would amount to about 5.3 million zlotys.

The works undertaken by the Postal, Telegraph and Telephone Administration include the conversion of the State telephone system to an automatic system, the laying of underground lines, and the construction of cables. The conversion of the telephone system is to be carried out over a period of six years and will cost about 50 million zlotys.

The above survey will have given an idea of the works undertaken or contemplated with the assistance of public money. During

1935 the Minister of Social Welfare estimated at about 421 million zlotys the total sum granted by the State and various public institutions (Employment Fund, Bank of National Economy, social insurance institutions, Economic Fund of Silesia, etc.) for the financing of public works. This total is distributed as follows :

	Million zlotys
Works of construction and equipment in towns . .	172
Road works . . . . .	75
Railway works . . . . .	80
Regularisation of rivers, etc. . . . .	31
Land improvement and works connected with agrarian reform . . . . .	31
Equipment works for the Postal, Telegraph and Telephone Administration . . . . .	16
Electrification works . . . . .	7
Equipment works undertaken by other State institutions . . . . .	9
Total . . .	421

In June 1936 Mr. Kwiatkowski, Minister of Finance, described the general lines of a four-year public works plan to increase economic activity in Poland and reduce unemployment. The plan provides for public expenditure in a number of different fields, including communications, the improvement and development of the waterways, elementary electrification work, building construction, etc. The cost of these works during the period 1 July 1936 to 30 June 1940 is to be about 1,800 million zlotys ; the figure will be 340 million zlotys for the first year and will rise to 590 million zlotys in 1940.

The number of workers employed on public works has risen considerably since 1933, the date when the Employment Fund was set up, as appears from the following table :

NUMBER OF WORKERS EMPLOYED ON PUBLIC WORKS-  
(in thousands)

	1932	1933	1934	1935	1936
31 March . . . . .	13.3	31.2	38.8	28.9	34.0
30 June . . . . .	34.3	58.8	95.6	110.1	—
30 September . . .	27.7	85.4	97.7	134.5	—
31 December . . .	17.5	34.6	39.3	—	—

Thus, at the end of September 1935 there were 134,000 persons employed on public works, or five times as many as at the same date in 1932. The increase is by no means so great if the figures for the winter months are considered ; this is due to the highly seasonal character of public works in Poland, where work on means of communication and urban equipment absorbs about 76 per cent. of the credits allotted to providing work for the unemployed.

During the financial year 1933-34 the workers employed on public works worked 9,776,000 working days. Assuming, with the Employment Fund, that the period of employment averages 150 days per worker per year, it will be seen that during the year

in question an average of 65,160 workers were employed for six months on public works. In the following year the number of working days reached 18,086,000, and the average number of workers employed during six months was therefore 120,571.

All these data refer only to the works financed by the Employment Fund or the Ministry of Social Welfare. No data are available for estimating the number of workers employed on public works undertaken by other public bodies.

In describing the four-year public works plan mentioned above, Mr. Kwiatkowski, however, expressed the view that from the second year work could thus be provided for about 200,000 unemployed.

In *Portugal*, under Decrees issued on 19 September 1932,<sup>1</sup> the Government substituted for the unemployment relief scheme a series of measures intended to provide the unemployed with employment on public works. To this end it set up a Commissariat of Unemployment under the Ministry of Public Works and Communications and attached to it an advisory committee including representatives of employers and workers. The principal duties of the Commissariat, which has an Unemployment Fund at its disposal, are to inform the proper authorities as to the districts where public works should preferably be undertaken and to receive applications for labour.

A Decree of 20 November 1933<sup>2</sup> made a grant of 100 million escudos, due in annual instalments of 10 million escudos each, for carrying out rural improvement schemes between the financial years 1933-34 and 1942-43. The State bears 50 per cent. of the labour costs entailed by these works, the remaining expenditure being met by public bodies and local authorities. A further sum of 1,000 million escudos, to be granted in annual instalments of 100 million escudos over the same period, has been allotted for the construction and upkeep of national roads of a total length of 16,000 kilometres.

In execution of the public works scheme planned on the lines described above, the State has financed 2,913 public works either by special grants or by appropriations out of the Unemployment Fund. In addition to the above-mentioned works, reference should be made to the construction, with the aid of special loans, of various ports, hospitals and higher schools, the building of about 1,700 cheap dwellings at Oporto, and the completion of a workers' settlement at Lisbon. As regards sanitation works, the Government in conjunction with the local authorities has taken the necessary steps to extend the water supply system, install and repair sewers in several large towns, etc.

In *Spain* the National Commission for combating unemployment, set up under an Act of 25 June 1935 with a grant of 100 million pesetas, devoted during the second half of 1935 65 million pesetas to the promotion of works undertaken by public departments. These included in particular the construction of roads, rural sanitation, the elimination of level crossings, the construction of air ports, motor roads, etc.

The same Act encourages building by private undertakings by exempting the owners of buildings begun before 31 December 1936 from all taxes on real property during a period of twenty years.

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<sup>1</sup> *Diário do Governo*, 1st Series, No. 230, 30 September 1932.

<sup>2</sup> *Ibid.*, No. 265, 20 November 1933.



Further, a Decree of the Prime Minister, dated 7 August 1935, empowers the municipalities wishing to undertake public works to contract loans for the purpose with the National Provident Institute and the people's savings banks.

Finally, in November 1935, the Government submitted to the Cortes a five-year plan of public works, involving the expenditure of 1,000 million pesetas mainly for the development of the road system and the supply of drinking water.

In *Sweden* public works have played a large part in the programme of monetary and financial measures adopted for the purpose of inducing industrial revival. It was mainly in the fiscal years 1933-34 and 1934-35 that public works were increased in volume, as can be seen from the following table of budget expenditure :

BUDGET EXPENDITURE 1928-29 TO 1935-36  
(in million kronor)

	Ordinary budget			Loan budget	Grand total
	Current expenditure	Capital expenditure	Total	Expenditure financed by borrowing	
1928-29 . . . .	658.53	33.41	691.94	49.35	741.29
1929-30 . . . .	689.29	55.62	744.90	34.41	779.31
1930-31 . . . .	719.48	44.07	763.55	49.82	813.37
1931-32 . . . .	760.89	55.56	816.45	72.80	889.25
1932-33 . . . .	814.49	23.72	838.21	103.87	942.08
1933-34 . . . .	720.37	39.48	759.85	269.49	1,029.34
1934-35 <sup>1</sup> . . . .	769.97	54.26	824.23	282.12	1,106.35
1935-36 <sup>2</sup> . . . .	866.79	62.02	928.81	136.64	1,065.45

<sup>1</sup> Provisional closed accounts.

<sup>2</sup> Estimates.

It will be noted that both the capital expenditure in the ordinary budget and the special loan budget increased greatly in the two years mentioned. Before 1933, borrowing for public works had been strictly confined to self-liquidating works, that is to say, works which were expected to yield sufficient profit to cover the interest charges. The great change made in 1933 was that non-self-liquidating works were financed by loan for the first time, and consequently it was precisely works of that character which were increased in 1933-34 and 1934-35.<sup>1</sup>

The time at which the policy was adopted has given rise to some controversy. Thus, Mr. Bertil Ohlin, a Swedish economist, writes that, while it seems to be beyond dispute that the policy of budget surpluses during good years and deficits during the depression had a stabilising influence on economic conditions, it is also evident that the concentration of the loan expenditure in 1934, when industry and trade were well on their way out of the depression, was unfortunate. The new policy should have been begun two

<sup>1</sup> BRINLEY THOMAS : *Monetary Policy and Crises*, pp. 207 et seq. and 240.

years earlier and preparations made for it in advance. In 1934 the time was ripe for a gradual reduction in public works rather than for an increase.<sup>1</sup>

In *Switzerland* there is some difficulty in drawing up a list of public works because in the great majority of cases they are financed jointly by the Confederation, the cantons and the communes. Some information is, however, given below with regard, on the one hand, to works carried out and financed from the ordinary budget, and, on the other hand, to relief works undertaken during the depression for the main purpose of providing work for the unemployed.

With regard to the first of these two categories, it should be pointed out that the Confederation undertakes only a limited number of public works on its own account, but on the other hand it participates indirectly in certain works carried out by the cantons and communes, for which it grants subsidies under various legislative provisions. These works consist for the most part in the altering of the courses of rivers and torrents, land improvement and reafforestation, the construction of roads for rural and forest land development, etc.

The relief works are for the most part financed by the cantons and the communes, the Confederation having confined itself hitherto to granting subsidies.

During the period 1930-1934 the construction work carried out by the Confederation itself, including that of Government undertakings and the Federal railways, entailed an expenditure of 116.9 million Swiss francs in 1930, 123.8 million francs in 1931, 109.4 million francs in 1932, 89.5 million francs in 1933 and 92.4 million francs in 1934.

If the Federal subsidies to relief works and cantonal and communal works are added, the total Federal expenditure in 1934 was 230 million francs. The corresponding figure for 1936 is estimated to be 300 million francs.

Apart from these works, which belong to the normal programme, the authorities have adopted a number of exceptional measures for combating unemployment by organising large-scale public works. This was first done during the depression of 1921 when the Confederation included about 115 million francs in the special budget for the purpose of subsidising relief works and promoting house-building, and 66 million francs for Government construction and various supplies. The question was again considered on a larger scale during the present depression and resulted in the adoption by Parliament in December 1934 of an Order "concerning the creation of openings for employment and the struggle against the depression", which provided for a supplementary expenditure of 40 million francs for the carrying out in 1935 and 1936 of various railway and fortification works and for the promotion of relief works and a certain number of other measures to combat unemployment.

For 1937 Parliament has granted the Federal authorities a fresh credit of 30 million francs with a view to encouraging public works. It is estimated that the subsidies paid by the Confederation on

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<sup>1</sup> BERTIL OHLIN: "Economic Recovery and Labour Market Problems in Sweden" in *International Labour Review*. May 1935, pp. 682-3.

account of this credit will result in the carrying out of works amounting to 230 million francs to which must be added expenditure on military equipment of about 70 millions.

In the *Union of South Africa* works of national importance are carried out by various departments of the Government. The Public Works Department designs and erects all buildings required by the Government departments; these include all administrative office buildings, law courts, police stations and barracks, gaols and prisons, post offices, buildings for agricultural, experimental and research work, buildings required for district administration, etc. A steady programme of construction work of this kind was in operation during the five years beginning January 1929, the average expenditure by the Government on new buildings, including inter-provincial bridges, during this period being £600,000 per annum. In March 1934 the Government decided to embark upon an exceptionally large building programme, which it was hoped would help to restore confidence and encourage trade and employment throughout the country.

Irrigation settlement schemes are undertaken by the Irrigation Department and the Department of Lands, and an active campaign against soil erosion is being undertaken by the Department of Agriculture; the railways and harbours administration supervises the construction of new lines, and large afforestation schemes, one or more of which are started every year, are undertaken by the Department of Forestry. New electric plant has been erected by the Electricity Supply Commission, and the telegraph and telephone system has been developed and modernised by the Department of Posts and Telegraphs.

The ordinary expenditure of the Government on new works and buildings, maintenance work, telegraphs and telephones, rent, rates, insurance, etc., including administrative expenses for the six financial years ending 31 March 1934, was as follows: £988,000; £1,083,000; £1,074,000; £829,000; £761,000; and £828,000. In addition, the total expenditure of the Union from loan during the above-mentioned period on railways and harbours, public works and buildings, telegraph and telephone works, local works and school loans,<sup>1</sup> and for other purposes, was as follows: £11,183,000; £10,454,000; £10,816,000; £10,093,000; £8,614,000; and £12,082,000.<sup>2</sup>

In the *United States* Federal Government funds for construction are expended throughout the entire nation and its dependencies on such major items as the inland waterway system, irrigation projects, maintenance of channels at ocean ports, Federal aid grants for State highway construction, post offices, and Federal buildings to house Federal Government activities in cities throughout the country.

The sums spent on Federal construction in the five fiscal years ending June 1934, including roads, bridges, tunnels, railways, land reclamation, canals, irrigation and flood control, land improvement, water-works, sewers, harbours, air-ports, building and construction, and utilities, were as follows:

<sup>1</sup> Expenditure under the heads of public works and buildings, and local works and school loans, includes capital expenditure incurred by the provincial administrations.

<sup>2</sup> *Official Year Book of the Union of South Africa*, 1933-34, pp. 796 and 827.

	\$
1930 . . . . .	270,513,476
1931 . . . . .	436,837,765
1932 . . . . .	519,661,269
1933 . . . . .	481,870,186
1934 . . . . .	1,192,202,576

The outlay of the Federal Government on public works was estimated in 1929 to be about 10 per cent. of all public works. More than half of the Federal expenditure was on roads and shipbuilding.

At the end of 1929 President Hoover took steps to put in hand such work as was possible in order to mitigate unemployment. According to a statement made by the Acting Chief of the Division of Public Construction of the United States Department of Commerce on 12 June 1930, the Federal Government had made the following contribution to public works in view of the unemployment crisis of 1929-1930 :

- (1) Congress increased the amount of Federal aid to the States for highway construction from \$75 million to \$125 million a year for three years, and liberalised the terms of its use.
- (2) The Federal building programme for post offices and other structures in cities and towns throughout the country was increased by \$230 million.
- (3) The river and harbour improvement work carried on by the War Department was so expanded on account of the unemployment situation that a deficiency appropriation of \$12 million dollars was granted by Congress in order to sustain active operations.
- (4) A 15-million dollar Veterans' Bureau hospital building programme was provided by Congress and put under way immediately on passage of the Act.

In the fiscal year ending 30 June 1930 the principal Federal expenditure for construction was for roads and bridges, but this money, instead of being spent directly, was given to the 48 States to match sums from them for building national highways. Other important items in this year were for work on rivers and harbours, flood control, naval yards and docks, reclamation, and forest service.

Although the amount spent on roads and bridges decreased in the fiscal year 1931, it greatly increased in 1932, and was a major expenditure throughout. Because of serious flood conditions, the item for canals, irrigation and flood control was very high in 1931. The expenditure for public buildings was also important in all these years. These buildings were not only administrative buildings in Washington, but also post offices, customs buildings and Federal court houses throughout the country.

The largest items from the standpoint of total outlay, as distinguished from yearly expenditure, were those of dams for the purpose of flood control, irrigation and hydro-electric power. The Boulder Dam on the Colorado River has been under way since 1931. The total amount allotted by Congress was \$165 million. Included in this project is not only the dam itself but a power plant.

By the terms of the Emergency Relief and Construction Act of July 1932, the Reconstruction Finance Corporation was empowered to supply funds for a \$322 million Federal programme of construction, the funds to be distributed as follows:

	\$
Federal-aid highways . . . . .	120,000,000
Other road construction . . . . .	16,000,000
Rivers and harbours . . . . .	30,000,000
Flood control . . . . .	15,500,000
Boulder Dam . . . . .	10,000,000
Aid to navigation . . . . .	4,300,000
Coast and geodetic survey . . . . .	1,200,000
Navy yards and docks . . . . .	10,000,000
Army housing . . . . .	15,000,000
Public buildings . . . . .	100,000,000
Total . . . . .	322,000,000

The Act was cut short, however, by the Act that established the Emergency Conservation Corps on 31 March 1933, and all unexpended funds were transferred to the conservation programme.

With the passage of the National Industrial Recovery Act of June 1933, the significance of Federal activity for the promotion of construction was enormously heightened. In contrast to the relatively very small proportion of total public construction outlay, the programme of Federal construction became almost as large as the public construction programme of the entire country in the peak years 1927-1930.

In accordance with an extensive plan for controlling flood waters and improving navigation as well as for the development of hydro-electric power, many dams and locks are being constructed. One of the most important undertakings of the Roosevelt Administration has been the establishment of the Tennessee Valley Authority. This Authority has been given power by Congress to develop the possibilities of the vast Tennessee Valley; it also has power to develop and sell electricity and to manufacture nitrates.

Although the programme of the Public Works Administration under the National Industrial Recovery Act did not really get started until the second half of 1933, it changed completely the relation of Federal to other types of public construction. The Act made available an emergency fund of \$3,892 million for Federal and non-Federal works and works by certain private corporations.

Of this sum \$2,637 million were allotted for construction work, including \$1,567 million for Federal projects, and the remainder for other purposes, including \$400 million for the special Civil Works programme in the winter of 1933-34, \$324 million for conservation work, and smaller sums for farm credit, direct relief, etc.

It was inevitable in the circumstances that much time would be consumed in getting the public works programme under way. There was no organisation, no precedents and no plans for such a large undertaking. Numerous legal, financial, engineering and other difficulties arose. Serious questions of labour policy involving wages, hours and conditions of employment had to be dealt with. Questions of jurisdiction with State and municipal authorities arose and required solution.

Because of the fact that for Federal projects the money was granted outright, not lent, to the departments concerned, there were no legal and financial entanglements to overcome. The rapidity with which the road building programme of the Federal Government was started was due to the existence of an efficient Bureau of Public Roads.

A serious source of delay was the circumstance that many public works, such as hydro-electric development and low-cost housing were opposed by private business interests. Up to January 1935 only \$870 million of the \$1,567 million originally allotted for Federal construction work had been spent. By March 1936 \$1,316 million had been spent.

The monthly average number of men employed on Federal public works was as follows :

January 1934 . . . . .	259,000
July 1934 . . . . .	508,000
September 1935 . . . . .	119,000
March 1936 . . . . .	69,000

The delay in getting the public works programme started brings up the question of proper timing in the control of public works. This has been commented upon as follows : " But even if this difficulty of proper timing is correctly solved in both theory and practice, and the public works programme is initiated at the right moment, still the danger exists that so much time may be consumed before it gets under way that its effects may be concentrated at just the wrong moment, viz. when private construction is independently beginning to revive and Government competition should be avoided." <sup>1</sup>

A second programme, which was more in the nature of relief works, was launched in the spring of 1935, when, in order to speed up employment and provide relief for the unemployed, Congress passed the Federal Emergency Relief Act of 8 April 1935. This Act provided for the expenditure of \$4,000 million together with \$880 million from unexpected balances of earlier appropriations, " to provide relief, work relief, and to increase employment by providing for useful projects " which included the heavy construction undertakings both Federal and non-Federal of the Public Works Administration as well as the " small useful projects " sponsored by the newly created Works Progress Administration. These latter projects are carried out for the most part by non-Federal authorities, and will therefore be referred to in the next section.

No part of the appropriation was to be expended for munitions, warships, or military or naval material, but the use of the appropriation was permissible for new buildings, reconstruction of buildings and other improvements in military or naval reservations, posts, forts, camps, cemeteries, or fortified areas, or for projects for non-military or non-naval purposes in such places.

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<sup>1</sup> GAYER: "The Effectiveness of Public Works as a Recovery Expedient", in *Index* (Svenska Handelsbanken, Stockholm), May 1936.

The sums expended as at 30 June 1936 are classified as follows :

Item	\$
Cash grants to States for relief . . . . .	919,725,501.14
Highways, roads, streets, etc. . . . .	541,183,252.13
Construction of public buildings, including medical and mental institution buildings, penal and corrective institutions, Federal buildings, educational, social, and recreational structures . . . . .	194,840,352.99
Housing projects, which include slum clearance, suburban and rural housing, subsistence homesteads and demolition operations . . . . .	22,800,497.79
Public recreational facilities . . . . .	272,765,141.72
Conservation work, including soil erosion control, reforestation, water conservation, irrigation, game and fish protection, etc. . . . .	593,031,510.22
Electric utilities, water and sewage systems, and other utilities . . . . .	144,576,282.54
Transport facilities, such as railways, tramlines, airports and airways . . . . .	89,762,989.43
Expenditures for educational purposes such as student-aid, youth projects, lunches for needy children, professional and technical projects, research and statistical surveys, etc. . . . .	178,124,273.39
Miscellaneous projects, such as sewing, gardening, canning, improvement of grounds around public buildings, distribution of surplus commodities, etc. . . .	206,465,030.26
Administrative expenses . . . . .	154,476,341.24
Rural resettlement and direct relief. . . . .	106,813,342.79
Total . . .	3,424,564,515.64

According to an estimate made by the Bureau of Labor Statistics, the construction projects of the Public Works Administration created more than 10,736,700 man-months of labour during the three years from its beginning in July 1933 to June 1936. This estimate includes both labour at the site and indirect labour involved in the final fabrication of materials purchased in connection with various construction projects.<sup>1</sup>

During the first quarter of the present fiscal year (July-September 1936), the Government has spent approximately \$850 million on relief projects, which include the C.C.C., W.P.A., Rural Electrification Administration, Resettlement Administration and Public Works Administration, highway and river and harbour works, as well as continuing expenditures of the old Federal Emergency Relief Administration and Civil Works Administration. This amount is considerably larger than that expended in the first quarter of the previous fiscal year.<sup>2</sup>

Allocations totalling \$33,377,380 have been approved by the President for projects in Puerto Rico — rehabilitation, including afforestation, slum clearance, rural electrification, school building, and other construction.

\$434,600 has been allotted for public works projects in the Virgin Islands, including road construction, the development of six island communities, and other work relief.

<sup>1</sup> Cf. Appendix II for additional information.

<sup>2</sup> *New York Herald-Tribune*, 1 October 1936.

On 23 June 1936 the President signed a Deficiency Appropriation Bill which contains an appropriation of \$1,425 million for work relief on useful projects in the discretion and under the direction of the President, together with unexpended balances from funds appropriated by the Emergency Relief Appropriation Act of 1935. The appropriation was available for the following classes of public projects, Federal and non-Federal :

	\$
Highways, roads and streets. . . . .	413,250,000
Public buildings . . . . .	156,750,000
Parks and other recreational facilities, including buildings therein . . . . .	156,750,000
Public utilities, including sewer systems, water supply and purification, airports and other transportation facilities . . . . .	171,000,000
Flood control and other conservation . . . . .	128,250,000
Assistance for educational, professional and clerical persons . . . . .	85,500,000
Women's projects . . . . .	85,500,000
Miscellaneous work projects . . . . .	71,250,000
National Youth Administration . . . . .	71,250,000
Loans and relief to farmers . . . . .	85,500,000
Total . . . . .	1,425,000,000

The Act also authorises the President to use not more than \$300 million from funds on hand, or to be received from the sale of securities, for making grants to aid in financing such projects, provided they can be substantially completed by 1 July 1938. In no case may the amount of the grant exceed 45 per cent. of the cost of the project.

In *Yugoslavia* the total expenditure by the State (the Ministry of Public Works) on public works was 546.3 million dinars in 1929, 449.3 million dinars in 1930, 227.8 million dinars in 1931, 144 million dinars in 1932, 156.7 million dinars in 1933, and 141 million dinars in 1934.

To these figures, which include only expenditure by the Ministry of Public Works or under its control, must be added the expenditure of other Ministries, in particular the Ministry of Communications, the Ministry of Mines and Forests, and the Ministry of Agriculture.

By way of illustration, it may be mentioned that the Ministry of Communications has carried out railway construction work which up till 1927 cost 665.3 million dinars, from 1927 to 1930 898 million dinars, and in 1931 and 1932 755 million dinars. At the beginning of 1935 the Ministry planned the construction of 324 kilometres of new lines at an estimated cost of 888 million dinars.

The Ministry of Mines spent 13.3 million dinars from 1929 to 1933 on the construction of roads and railways for the development of Crown forest land and 13.6 million dinars for the regularisation of waterways.

Finally, during the same period the Ministry of Agriculture carried out agricultural land improvement schemes costing 297.5 million dinars and land settlement schemes costing 71.7 million dinars, and constructed irrigation canals costing 4.4 million dinars.



By a Decree of 7 February 1935, the Government further prepared a new programme of large-scale works, which was immediately put into execution and which includes among other things the creation of new national and international roads (Yugoslav section of the Transcontinental Calais-Istanbul road) and the development of the railway system. It is estimated that these works will entail a total expenditure of about 1,000 million dinars.

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## CHAPTER II

### OTHER WORKS CONTROLLED BY PUBLIC AUTHORITIES

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#### § 1. — Regional and Local Authorities

The information given in this section refers to works and orders for supplies of the regional (State, provincial, cantonal, etc.) and local authorities, which are often considerably more important from the point of view of expenditure and the labour employed than those of the central government.

It will be seen that in most of the countries for which figures are available expenditure decreased during the depression as compared with the preceding period of prosperity. This seems to have been due mainly to financial considerations. The ordinary revenue derived from local taxation diminished and in addition many authorities had borrowed so heavily during the depression that they were unable to raise any further loans without endangering their financial stability. This aspect of the question will be dealt with in more detail in a later chapter.

In some countries complaint was made that it was difficult to find suitable works which could be put in hand. This could, in the nature of the case, only apply in highly developed countries and even there the alleged lack of works was due more to the fact that the powers of the authorities were limited than to a real shortage of suitable works that might be undertaken.

As a result of the lack of advance planning of public works and the necessity of commencing works hurriedly when unemployment appeared, the work provided has been nearly always of an unskilled type and frequently somewhat unproductive. This has been accentuated by the requirement laid down in some countries that any relief work done must be definitely of a supplementary character that would otherwise not have been done. Again, where the payment of wages has been subsidised by some central authority it

has encouraged the maximum use of labour in preference to the use of machinery, since the former was a surplus and cheapened factor. Finally, works of a real productive nature have, in some cases, been hindered owing to the absence of any co-operative machinery between neighbouring localities necessary for their construction.

In *Australia* State expenditure on public works is mainly out of loan and some idea of the volume of works undertaken can be obtained from the following figures, showing the net loan expenditure of the States on public works and services, etc., during the six financial years ended 30 June 1935.

(In £ millions)					
1929-30	1930-31	1931-32	1932-33	1933-34	1934-35
24.2	12.1	5.8	9.7	14.3	17.4

Under the Federal Aid Roads Act, 1926, provision was made for the construction of roads in the several States out of moneys provided by the Commonwealth and the States. Under the original agreement the Commonwealth was to incur an expenditure of £1 for each 15s. expended by the States up to a limit of £2,000,000 per year for the period 1926-36. The most important amendment was that of July 1931 when in lieu of the £2,000,000 per annum, the Commonwealth agreed to contribute an amount equivalent to 2½d. per gallon Customs duty and 1½d. per gallon Excise duty on petrol for home consumption each year. At the same time the liability of the States to contribute was removed.<sup>1</sup>

A large river work is in course of completion under an agreement between the Governments of the Commonwealth and of New South Wales, Victoria and South Australia. The construction of the works is carried out by the State Governments and the cost of construction is shared equally by the four contracting Governments, but the Commonwealth is freed from any obligation in respect of maintenance.

Apart from normal public works activity, the organisation of public works as an unemployment relief measure has, since the onset of the depression, been vigorously stimulated by the Commonwealth Government and the expansion of State programmes encouraged by means of loans and direct grants. In the re-employment policy announced in October 1934, certain principles were laid down for the selection of works. It was required that they be of a reproductive nature, that they have a wide geographical spread within the State, that they provide amenities for provincial centres and that they compete as little as possible with private industry. Among the types of schemes considered suitable for assistance were water and sewerage works on account of their reproductive nature; the construction of aerodromes and landing grounds for their stimulating influence on the development and progress of the district concerned and mining and forestry on account of their value to the country and of the employment they provided.

<sup>1</sup> *Official Year Book of the Commonwealth of Australia*, 1935, p. 465.

The Loan (Unemployment Relief Works) Act 1932 authorised the raising of £1,800,000 and its allocation, free of interest, to the States for the relief of unemployment provided the money was expended on reproductive works and that the States provided equivalent amounts. In December 1932, a further small sum was allotted to the States by the Commonwealth Government in order to mitigate the condition of the workless at the Christmas season. During 1934-35 the Loan Appropriation (Unemployment Relief) Act of 1934 was passed, appropriating moneys for assisting the States in the re-employment of men by means of public works and assistance to the metalliferous mining (and later, forestry) works. The following table shows the amounts appropriated by this Act :<sup>1</sup>

State	For public works £	For metalliferous mining £	For forestry £	Total £
New South Wales . . . . .	350,000	42,500	50,000	442,500
Victoria . . . . .	225,000	50,000	100,000	375,000
Queensland . . . . .	125,000	70,000	30,000	225,000
South Australia . . . . .	125,000	33,500	17,000	175,500
Western Australia . . . . .	125,000	62,000	100,000	287,000
Tasmania . . . . .	50,000	25,750	25,000	100,750
Total . . . . .	1,000,000	283,750	322,000	1,605,750

A further Bill was introduced in 1936 with the main object of reducing unemployment, providing £140,000 in 1936-37 and £70,000 in 1937-38 to the States for metalliferous mining and £161,000 in 1936-37 and £80,000 in 1937-38 for forestry.<sup>2</sup>

A brief account follows describing the public works activity of each State.

In *New South Wales* the total net loan expenditure on works, services, etc., in the State during the six financial years ending 30 June 1934 was as follows : £14,249,000 ; £10,879,000 ; £5,952,000 ; £3,387,000 ; £4,320,000 ; and £7,004,000. The main classes of construction work financed by loan by the Department of Public Works were roads and bridges, harbours and rivers, water supplies, sewerage and storm water drainage, building and electrical works.

Relief works carried out with State unemployment relief funds are subject to the approval of an Unemployment Relief Council, a statutory body comprising three Ministers of the Crown. The Council controls expenditure which, as a general rule, is made through such public departments as the Department of Public Works, the Water Conservation and Irrigation Commission, etc. It also pays the wages of the labour employed on relief works by local councils and subsidises administrative costs up to 10 per cent. of the amount of wage subsidies. The total number of men employed on relief work schemes at 29 February 1936 was 55,086.

In *South Australia* the total net loan expenditure on works and services, etc., during the six financial years ending 30 June 1934 was as follows : £3,536,000 ; £2,493,000 ; £465,000 ; £287,000 ;

<sup>1</sup> *Commonwealth Bureau of Census and Statistics : Labour Report, 1934, No. 25, pp. 116-117.*

<sup>2</sup> *The Age, Melbourne, 15 May 1936.*

£642,000 ; and £671,000. Relief works generally have been undertaken with funds made available to the State from Federal grants. The work undertaken is mostly the maintenance of roads in the various districts and has been carried out under the supervision of local government bodies.

In *Victoria* the total net loan expenditure on works and services, etc., during the six financial years ending 30 June 1934 was as follows : £7,061,000 ; £5,869,000 ; £3,068,000 ; £1,002,000 ; £2,094,000 ; and £2,191,000. The estimated total amount of the loan programme for works for 1935-36 was £4,500,000 (compared with an actual expenditure in 1934-35 of £2,558,000), of which a substantial portion was to be allotted to unemployment relief works. Relief works, which must be approved by the Employment Council of Victoria, are undertaken by Government Departments and various public authorities such as municipal councils, sewerage authorities and water works trusts. The total number of men employed on relief works in May 1936 was 10,251.

In *Western Australia* the annual net loan expenditure on works, services, etc., during the six years ending 30 June 1934 was : £4,137,000 ; £3,540,000 ; £1,675,000 ; £1,268,000 ; £2,048,000 and £2,563,000. Government relief works consist largely of developmental works such as main roads and railway construction, water supplies, drainage, agricultural development, Government buildings and forestry.

In *Queensland* the loan expenditure on all types of public works (as distinguished from the expenditure of the Public Works Department alone) was £3,166,500 in 1933-34 ; £4,785,700 in 1934-35 ; and £4,100,000 in 1935-36.

In accordance with its policy of providing work to the greatest extent possible for all able-bodied unemployed persons, the Government instituted in 1930 two relief work schemes, "rotational" and "intermittent". Under both these schemes unemployed persons are employed by local authorities and other public bodies on road construction, land reclamation, flood prevention, irrigation, sewerage disposal and on other mainly unskilled work. The cost of material, supervision, transport, etc., is borne by the local authorities concerned, while wages are paid from the Unemployment Relief Fund financed by special unemployment relief taxation. The following table shows the amounts disbursed by the Department of Labour and Industry from the Unemployment Relief Fund on relief works since their inception in May 1930 to June 1935 :

Year ending 30 June	Rotational relief £	Intermittent relief £
1931 . . . . .	573,800	68,400
1932 . . . . .	287,900	767,700
1933 . . . . .	114,500	1,378,200
1934 . . . . .	36,800	1,481,200
1935 . . . . .	89,600	1,175,200
Totals <sup>1</sup> . . . . .	1,102,500	4,870,700

<sup>1</sup> These totals do not agree exactly with the addition of the individual items, as the figures have in each case been rounded off to the nearest hundred.

The Premier of Queensland in his last Financial Statement said that the Government's programme of public works and development which had been in operation during the last three years had

stimulated the progress of economic recovery. Local authorities had been encouraged to improve conditions and facilities in their districts, and the low rate of interest available had given unexampled opportunities for the most useful works to be accomplished at lower cost than was hitherto thought to be possible.

In *Austria* the city of Vienna drew up in 1930 a special expenditure programme for public works, to cost 91,000,000 schillings. The most important features of this programme were the construction and repair of streets, highways and bridges, the recovery of undeveloped land, the repair of buildings, and water supply work. The total to be spent on the creation of employment in the period 1934-36 was fixed at 110,382,000 schillings, including 55,094,000 for 1936.

In *Canada* during the winter months some municipalities have for a number of years expedited constructional work in order to give employment to those seasonally unemployed. The kinds of work that have been pronounced highly or fairly successful in winter under Canadian conditions are sewer work in rock, tunnelling, deep excavating, heavy cuts and fills in grading work, concrete construction in large bulk (such as heavy bridge abutments), and construction work in swamp sections where sub-surface water prevails. But the degree of success obtained from the works is often dependent on preparation made before the ground is frozen, especially in some construction work where shafts should be sunk before the extreme cold weather.

During the depression, relief works have been undertaken with the assistance of the Dominion Government. Classes of work undertaken by the provinces or municipalities with the aid of contributions made by the Dominion Government from the Unemployment Relief Fund as at 16 March 1931 were as follows :

Highways, roads and sidewalks, other than trans-Canada highway . . . . .	\$ 11,662,800
Sewers, water-mains, gas-mains, police, fire, telephone systems . . . . .	14,624,500
Breakwaters, dams, rivers and lake improvements, reclamation work and wharves . . . . .	964,700
Bridges and culverts . . . . .	2,841,000
Brushing, clearing, tree-trimming and park improvements . . . . .	870,000
Public buildings and repairs to public buildings, excavation for public buildings and civic improvements . . . . .	3,840,000
Civic improvements and relief works not elsewhere included . . . . .	3,188,000
Provincial highways . . . . .	667,000
Trans-Canada highways . . . . .	697,000
Subways and grade-crossing eliminations . . . . .	3,733,000
Freight on feed and livestock . . . . .	10,000
Total . . . . .	\$43,097,000

In the year ending 31 March 1935 \$5,916,600 were expended by the various provinces under the provisions of the Public Works Construction Act of 1934 :

Dredging . . . . .	\$ 808,150
Construction . . . . .	3,471,770
Improvement and repairs . . . . .	1,528,400
Staff and maintenance . . . . .	108,240
	<hr/>
	\$5,916,600

In *China* during the period between 1930 and 1935 many highways were built by various local governments. Since 1932 only one railway has been built by a provincial government and six water-works have been constructed in Nanking, Hangchow, Wuehang, Wuehow, Tientsin and Chungking.

In *Czechoslovakia* the Ministry of Social Welfare grants subsidies to local and district authorities for emergency public works. During 1935 the Ministry received from contractors 4,222 applications for State subsidies. The total amount granted in this connection was 151,600,000 crowns which enabled employment varying from one to twelve months to be found for 242,000 unemployed persons.

In *France*, under the Decree of 16 September 1932 (subsequently replaced by the Decree of 15 February 1935), providing for works organised with the assistance of the State to provide employment for the unemployed, the value of the works subsidised by the State up to February 1934 was 114,000,000 francs, of which 31,000,000 francs were distributed as wages. In 1934, 20,000,000 francs were paid in the form of wages to unemployed workers engaged on such works but only 7,000,000 francs of this sum was paid by the State.

In February 1936 the credits which had been allotted to the relief works in question since the enforcement of the Decrees of 16 September 1932 and 15 February 1935 totalled 140,967,059 francs, including 49,080,000 for 1935. Of this total, 59,400,000 francs including 25,800,000 for 1935, had gone to the payment of wages for the unemployed to whom occupation was given.

Further, according to an enquiry undertaken by the Ministry of Labour in April 1933, the total amount spent by the Departments and communes, without availing themselves either of the Acts concerning large-scale public works for the relief of unemployment or of the above-mentioned Decrees, was over 3,500 million francs, representing 20 million man-days, for the period 1932-33.

A Legislative Decree issued by the Government on 30 October 1935 encourages communes of not less than two thousand inhabitants to build, subject to certain conditions, healthy houses for large and needy families. The preamble to the Decree states that the measures hitherto adopted for the improvement of the housing conditions of large families have unfortunately not penetrated effectively into the rural areas, where the prevailing insanitary housing conditions are aggravated by present difficulties. The new measures are expected to lead to an appreciable improvement in the sanitary conditions prevailing in many homes and hence indirectly to a saving in public expenditure on measures against contagious diseases. The building of new houses is expected to revive the building industry in a number of areas and to absorb some unemployed. Finally, it is stated, the improved housing conditions provided will have a favourable effect on the demographic situation of the country. Such houses as are built will be the property of the communes and must be built on land belonging to the communes or acquired by them by expropriation. To finance the schemes the communes will contract loans in accordance with the conditions laid down by the Decree of 8 August 1935 to facilitate the execution of schemes to relieve unemployment. The interest and amortisation charges on these loans will be met out of the income from rents, annual savings on budgetary expenditure, deductions from the allowances paid to the rehoused families by the local authorities,

and, where necessary, grants from the departmental or local authorities, or from a public institution. Lastly, the buildings will be exempt from the land tax.

In *Germany* the local authority emergency relief works are financed by the Institution for Employment Exchanges and Unemployment Insurance by loans or subsidies. In order to obtain a loan or a subsidy it is necessary that such emergency relief work be of productive value to the national economy, give employment to a considerable number of workers, and be economical in the use of raw materials. Relief works are preferred which increase the home supplies of foodstuffs, raw materials or motor-fuel. In the execution of measures for the provision of work the local authorities act in close touch with the responsible Government organs, in order to select their works efficiently as to extent and time. On the other hand the Government has also kept in close touch with the local authorities in the execution of its direct measures for the provision of work, particularly in the construction of motor highways, in order to give work systematically to the unemployed of the communities concerned.<sup>1</sup>

In *Great Britain* the majority of public works, both with and without state assistance, has been constructed by local bodies. From 1928-1929 the total expenditure of local bodies for all purposes from all sources other than loans for capital works rose from £406 million to £435 million in 1931-32 and then fell to £430 million in 1932-33. Of the amount expended in the latter year £125 million represented Government grants. Expenditure out of loans for capital works rose from £103 million in 1928-29 to £117 million in 1931-32 and then fell to £85 million in 1932-33. The following table shows the loans sanctioned by the Ministry of Health for capital purposes other than housing during the five years 1930-1931 to 1934-1935 :<sup>2</sup>

LOANS SANCTIONED TO LOCAL AUTHORITIES IN ENGLAND AND WALES  
FOR CAPITAL PURPOSES OTHER THAN HOUSING

	1930-1931	1931-1932	1932-1933	1933-1934	1934-1935
	£	£	£	£	£
Public health . . .	14,379,000	11,264,000	5,645,000	5,470,000	8,165,000
Roads, bridges and street improvements . . . . .	11,642,000	6,438,000	4,738,000	4,017,000	4,503,000
Education . . . . .	9,363,000	6,592,000	3,445,000	3,368,000	4,491,000
Poor law purposes . . . . .	346,000	574,000	616,000	415,000	454,000
Miscellaneous . . . . .	6,056,000	5,437,000	3,135,000	3,994,000	4,120,000
Trading undertakings . . . . .	5,580,000	4,070,000	2,403,000	3,081,000	4,293,000
Total <sup>3</sup> . . . . .	47,365,000	34,375,000	19,981,000	20,344,000	26,026,000

<sup>1</sup> *Report VI of the International Congress of Local Authorities*, June 1936, pp. 553-556.

<sup>2</sup> *13th, 14th, 15th and 16th Annual Reports of the Ministry of Health*, Cmd. 4133, 4372, 4664 and 4978.

<sup>3</sup> These totals do not agree exactly with the addition of the individual items, as the figures have in each case been rounded off to the nearest thousand.



The exceptionally high figure in 1930-1931 was due to the appeal of the Government to local authorities to set on foot work for the relief of unemployment; the striking diminution in the following years was partly due to the decision of local authorities to limit their commitments, having regard to the general financial position of the country, and to the curtailment of grants from the Exchequer towards schemes to relieve unemployment.<sup>1</sup> The more liberal Government policy pursued in 1934-35 is reflected by the rise in the loans sanctioned that year and this increase continued in 1935-1936, there being an increase of 37.2 per cent. in the amount sanctioned in the first eleven months of the year as compared with the same period in 1934-1935.<sup>2</sup>

During the past three years there has also been a big expansion in building activity by local authorities the loans sanctioned by the Ministry of Health for new buildings, etc., rising from £16,469,000 in 1932-1933 to £17,941,000 in 1933-34 and to £20,775,000 in 1934-35.<sup>3</sup> The total number of houses completed by local authorities with State assistance was 47,977 during the year 1932-33, 49,679 during 1933-34 and 32,682 in 1934-35; for the same years the numbers built by local authorities without State assistance were 1,236, 3,422 and 8,451.<sup>4</sup>

Previous to 1932 the main housing activity of local authorities had been the provision, with the aid of Exchequer subsidies, of additional working-class accommodation. In 1933 these subsidies were discontinued, and circulars were sent to local authorities urging them further to concentrate on schemes of slum clearance and rehousing. The result was a national programme embracing the clearance within five years of over 280,000 houses and the creation of nearly 300,000 for their direct replacement.<sup>5</sup> It was anticipated that these schemes would involve an expenditure of about £95 million. The progress of slum clearance has been rapid and from the passing of the Housing Act 1930 until 30 September 1935, 68,632 houses had been demolished or closed, 112,776 made fit for habitation, and 59,826 completed for housing persons displaced under the Act. At 30 September 1935 a further total of 40,090 houses were under construction to rehouse persons displaced.<sup>6</sup>

A considerable amount of road construction and improvement has also been carried out by the local authorities with the help of grants from the Road Fund. These grants totalled £13,158,400 in 1933-1934 and £14,211,000 in 1934-35 while the total expenditure (other than loan charges) on highways and bridges in Great Britain during the years 1931-1932, 1932-1933 and 1933-1934 was £50,756,000, £53,953,000 and £68,787,000 respectively.<sup>7</sup>

<sup>1</sup> *13th and 14th Annual Reports of the Ministry of Health*, Cmd. 4133 and 4372.

<sup>2</sup> *Building Industries Survey*, March 1936, p. 19.

<sup>3</sup> *14th, 15th and 16th Annual Reports of the Ministry of Health*, Cmd. 4372, 4664 and 4978.

<sup>4</sup> *MINISTRY OF HEALTH: Housing*, p. 6.

<sup>5</sup> *15th and 16th Annual Reports of the Ministry of Health*, Cmd. 4664 and 4978.

<sup>6</sup> *MINISTRY OF HEALTH: Housing*, pp. 8-9.

<sup>7</sup> *MINISTRY OF TRANSPORT: Annual Reports on the Administration of the Road Fund*.

A five-year road plan to eliminate weak bridges, to provide for 850 miles of dual carriage ways and 500 miles of cycle tracks and estimated to give a full year's employment to at least 120,000 men, based on programmes submitted by local authorities, was initiated by the Government at the end of 1935. £130 million are to be spent on road improvement in addition to the sums normally spent on maintenance.<sup>1</sup> The preparation of local programmes of road construction and improvements is proceeding without delay, and several important schemes have been announced, including a Lancashire plan involving an expenditure on roads of some £6,000,000 in addition to £1,250,000 on bridge improvements, an estimated five years' expenditure of £7,000,000 in Middlesex, of £4,250,000 in the Western Highlands and Islands of Scotland, and of £1,000,000 in Glamorgan.

Under the Special Areas (Development and Improvement) Act of December 1934, two Commissioners were appointed to undertake measures for the economic development and social improvement of the Special Areas in England, Wales and Scotland, which were acutely depressed owing to trade conditions. An initial sum of £2,000,000 was placed at their disposal by the Government. Circulars were sent to the local authorities in those areas asking them to submit schemes of public works for consideration. By 31 December 1935 the estimated cost of works of public utility undertaken by local authorities in the Special Areas (England and Wales) towards the cost of which grants from the Special Areas Fund had been approved, totalled £1,870,870. The approved works included sewerage schemes, clearance of derelict sites, water supply and drainage, hospitals, etc. Up to 31 December 1935, the Commissioner for England and Wales estimated that commitments amounted in all to £3,443,000. The principal items were small holdings £948,930; sewerage works £642,970; hospitals £502,880; harbour and quay development £404,230; holiday camps £175,000, and clearance and improvements of sites £155,160.

In 1920 the Government decided to initiate State-assisted programmes of relief works and it appointed the Unemployment Grants Committee to assist the local authorities and eventually various public corporations and private institutions in carrying out approved programmes of useful work other than road work and the building of houses. In selecting the works for which subsidies should be granted the Committee was guided by the potential employment which they would create. From 1921 to 1925 grants were given chiefly for programmes submitted by the authorities in districts where unemployment was acute. From December 1925 to November 1928 the qualifying conditions were made so stringent that few schemes were submitted and of these the majority could not be approved. After November 1928 the scheme was opened on special terms to local authorities willing to employ unemployed workers from distressed areas. The conditions were relaxed in July 1929 and again in July 1930, grants being made available to all local authorities under uniform conditions. After the National Government came into power in September 1931 grants were offered on a much reduced scale and since January 1932 no new schemes have been approved.

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<sup>1</sup> *The Times*, 5 November 1935.

The works for which the Committee provided financial assistance included all works of public utility normally undertaken by eligible authorities and included sewage schemes, water supply, extension and improvement of docks and harbours, electricity supply, the widening and reconstruction of roads as well as the construction of sea and river defence works, land reclamation and flood prevention, the levelling, draining and laying-out of land for aerodromes, parks, and recreation grounds, etc. During the twelve years of the Committee's work the number of schemes approved for grant was 17,640, the total cost being estimated at approximately £191 million.

In the *Irish Free State* the Government makes grants to local authorities for various works.

(1) Road maintenance and improvement. — The expenditure from State funds and local funds for this purpose is shown below :

Year	State funds £	Local funds £
1929-30 . . . . .	664,188	1,319,207
1930-31 . . . . .	683,543	1,343,224
1931-32 . . . . .	937,947	1,388,953
1932-33 . . . . .	1,697,502	1,367,291
1933-34 . . . . .	748,641	1,313,518 (approx.)
1934-35 . . . . .	796,867	1,242,481
1935-36 . . . . .	766,000	1,336,279
1936-37 . . . . . (up to date)	721,609	1,401,275

The number of men employed by county councils and county borough councils on this type of work has been as follows :

Year	Number of men
1931 Mid-June . . . . .	20,058
Mid-Dec. . . . .	17,766
1932 Mid-June . . . . .	21,903
Mid-Dec. . . . .	16,329
1933 Mid-June . . . . .	22,943
Mid-Dec. . . . .	17,756
1934 Mid-June . . . . .	17,003
Mid-Dec. . . . .	22,427
1935 Mid-June . . . . .	18,017
Mid-Dec. . . . .	19,904
1936 Mid-June . . . . .	19,421

(2) Defensive works against floods, etc. — These operations are financed partly by free grants made by the Central Government and partly by free grants made by local authorities, the balance of the cost being borne by way of a charge on the benefited lands. The expenditure on arterial drainage for the five years ending 31 March 1934 was approximately £620,000, for the year 1934-35 it was £60,000 and for 1935-36 it was £58,000.

(3) Harbours. — The principal commercial harbours and ports in the State are controlled by local authorities and the direct activities of the State in regard to new works and improvements are limited. During the five years ending 31 March 1934 works costing £190,000 were completed with the aid of Government grants amounting

to £40,000, and during the two subsequent years works costing £41,000 were completed, making a grand total of £231,000. It is contemplated that work will be commenced in 1937 on further harbour works costing altogether £248,000.

(4) Housing. — The State does not engage directly in the actual building of houses. This work is undertaken, under the control of the State authorities, by private persons, public utility societies and local authorities with the aid of loans and subsidies provided by the State. During the five years ending 31 March 1936 the number of dwelling houses completed under Government schemes was 20,835 in towns and 21,286 in rural areas. The number of dwelling houses in course of construction at 30 June 1936 under Government schemes was 6,706 in towns and 19,657 in rural areas. The number of dwelling houses in contemplation at the end of 1936 under Government schemes was 10,744 in towns and 9,404 in rural areas. The number of men employed on housing construction at the end of June 1936 was 7,879 on schemes of local authorities and approximately 15,000 on houses in progress for private persons and public utility societies, making a total of 22,879 men employed on housing apart from those engaged on the manufacture of building materials, probably numbering about 15,000.

In *Japan* relief works, known as “ emergency works ”, are carried out as a rule only in the six largest towns of the country and in regions where there is an exceptionally large proportion of unemployment. The prefectural and municipal authorities and associations of municipal authorities, undertake such works. In 1930 Government financial aid was extended to work undertaken by certain public utility organisations, such as road associations, associations for the improvement of arable land, associations for rounding off scattered holdings, forestry associations, etc. Wage costs must amount to at least 20 per cent. of the total spent on such works ; if they are between 10 and 20 per cent. of the total, they must, together with expenditure on the purchase of Japanese materials, exceed 50 per cent. of total expenditure.

In 1934 61 organisations were authorised to undertake public relief works. The total expenditure required for the execution of such works was 30,068,000 yen, of which 8,117,000 yen were spent on wages. The unemployed engaged on these works did 6,104,752 man-days of work. The works included road and bridge building, river work, the construction of drains and conduits, the preparation and levelling of land, and earth and stone quarrying.

Further, 8 organisations have undertaken work for salaried employees. The expenditure on this account was 1,537,000 yen, and 1,150,352 man-days of work were provided.

In *New Zealand* the expenditure of local authorities and the borrowing by local authorities for public works has decreased heavily. The fall in the expenditure on public works shown by the following figures was achieved despite the fact that in the latter years of the depression the expenditure on public works included unemployment subsidies from the Central Government. In 1933-34, for instance, such subsidies amounted to £2,500,000. If they were not included the fall in local body expenditure on public works would have been very much greater. Moreover, no expenditure is now financed out of loans :

Year	Expenditure by local authorities on public works £	Debt £
1927-28 . . . . .	15,200,000	66,404,000
1928-29 . . . . .	13,230,000	69,295,000
1929-30 . . . . .	14,487,000	71,208,000
1930-31 . . . . .	14,402,000	72,686,000
1931-32 . . . . .	12,695,000	72,402,000
1932-33 . . . . .	11,584,000	72,476,000
1933-34 . . . . .	10,755,000	71,969,000

Under successive Supply Acts dating from 1927 the Central Government was enabled to pay subsidies to local bodies for the purpose of the relief of unemployment. Where the number of unemployed in any district was sufficient to warrant local bodies undertaking relief works, subsidies of 50 per cent. of the labour cost based on relief rates of pay were payable under certain conditions in respect of works for the relief of unemployment financed either by loan or by rates. Works which local bodies proposed to undertake for relief of unemployment and on which they desired to obtain a subsidy from the Government had to be investigated by the local district engineer of the Public Works Department and then to secure the approval of the Minister of Public Works. During the four years 1927-28, 1928-29, 1929-30 and 1930-31, the amount of subsidies granted to local bodies for the relief of unemployment amounted to £75,000, £68,600, £117,000 and £116,800.

With the development of the depression the existing machinery was found inadequate to deal with the large and growing volume of unemployment and an Unemployment Board was established and provided with funds derived from special unemployment taxation. The Board instituted various relief schemes the most important of which (known as Scheme No. 5) was operated in close co-operation with the various local authorities. The schemes provided for the employment of labour on a subsidised basis, the local authorities concerned having to provide the cost of materials, administration, etc., and draw up the necessary plans of work. In order to ensure that the schemes would reach their objective of giving employment to as many men as possible it was provided that relief work: (1) must be over and above current work; (2) that it must not be work that was left off in anticipation of unemployment subsidies, and (3) that ordinary employees should not be discharged by local authorities in order to re-employ them as relief workers.

The following table<sup>1</sup> gives an indication of the cost of these schemes to the Unemployment Fund and of the number of men given employment:

Year	Cost to the Unem- ployment Fund (a) £	Number of men given work (b)		
		Full time	Part time	Total
1931 . . . . .	240,000	—	38,600	38,600
1932 . . . . .	2,000,000	—	46,850	46,850
1933 . . . . .	2,940,000	—	47,340	47,340
1934 . . . . .	2,890,000	3,810	34,000	37,810
1935 . . . . .	2,480,000	4,220	25,190	29,410

(a) For the year ending 31 March;

(b) For the month of June.

<sup>1</sup> *New Zealand Official Year Book*, 1936, pp. 646-650.

In 1935 some local authorities had under consideration major schemes of public works for the employment of unemployed labour on full-time work at standard rates of pay but by July 1935 only some 2,000 men had thus been given employment.<sup>1</sup> During the later stages of the depression, in fact, it was becoming increasingly difficult for local authorities to find sufficient work suitable for relief works in their area under their control and many "were reaching the end of their resources from a financial point of view in meeting supervision and other costs and by reason of difficulty in finding suitable work".<sup>2</sup> The types of work upon which the unemployed have been given work by local authorities in Scheme No. 5 include land-drainage; protection against river and sea erosion; improvement and formation of roads, etc.; afforestation; reclamation; and improvement of domains, parks, reserves, hospital grounds and schools.

A project of considerable importance is the housing scheme, which was first proposed in 1935 by the Minister of Finance. The object of the scheme was that of accommodating people in satisfactory houses, a proposal necessitating the renovation of existing dwellings where this was economically possible; the demolition of unsatisfactory buildings; the planning of areas to avoid the occurrence of unsatisfactory conditions and the contemporaneous building of new houses. In order that the proposed housing scheme might be carried out rationally in accordance with the needs of individual areas, that a long-run plan might be formulated and that construction might be slowly tapered off so as to limit the possibilities of unemployment as a result of the cessation of building activity, a Housing Survey Act 1935 was passed by Parliament providing for a housing survey by local authorities in all urban areas of a population of over 1,000.

It was proposed that the "interested groups" by which the increased house building would be carried out should be private individuals as intending owners; employers in certain cases; trusts, development companies, etc.; housing associations and local authorities. Housing associations were to be societies with a minimum paid up share capital of £1,000, dividend on which was to be limited. They were to be given the power to raise additional capital by borrowing to (say) four times the share capital plus reserves. Their main function was to erect buildings to let and not for sale. Any profits made by the housing associations in excess of the statutory dividend were to be devoted to approved objects (accumulation of reserves; acquisition or erection of additional dwellings; provision of amenities; improvement of areas; reduction of rents, etc.). Where a housing shortage could not be met in any other way the responsibility to provide houses was to devolve on the local authorities most concerned. In general, the local authorities were to exercise a general supervisory control.

Whether the present administration will follow the plan of the previous government outlined above is not yet known, but the new Minister of Finance in his first budget speech has announced that plans were being drawn up for building 5,000 houses at a

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<sup>1</sup> *Report of the Unemployment Board, 1935*, p. 16.

<sup>2</sup> *Ibid.*, p. 17.

cost of £3,000,000, and that it was hoped to erect 900 during the year 1936-37.<sup>1</sup>

In *Norway* subsidies have been made to communes in financial difficulties, thus helping to enable those communes to provide some money for relief. During the year 1934-1935 about 12,000,000 kroner were made available for unemployment relief. This fund is used mainly for State support of communes in financial difficulties and takes the form either of a grant towards public relief works or a subsidy towards communal or other local undertakings. About 60 per cent. of all the communes in the country received State assistance during the year 1934-35. If the work provided is estimated at 2,000,000 working days, this would mean that about 20,000 men had been found work for about four months each.

In *Poland* works aiming at the economic and cultural reconstruction of the towns absorb each year an important part of the credits assigned to public works. During the financial year 1935-36 the Employment Fund devoted altogether nearly 30 per cent. of its grants to such works. These are principally concerned with drainage, water supply and street paving.

The importance attached by the Employment Fund to the equipment of the towns is explained by several reasons. In the first place, the material equipment of most Polish towns leaves a great deal to be desired. An enquiry carried out by the Municipal Union brought out the fact that in 180 towns of more than 5,000 inhabitants, 58 per cent. of the streets are unpaved. Main drainage and water pipes exist in barely 25 per cent. of such towns. Even in the capital 30 per cent. of the streets are still unpaved. Two-thirds of the houses in Warsaw have no drains and one-third no water supply.

In these circumstances, the sums invested in the equipment of the towns not only contribute to the economic and cultural development of the country, but they constitute, in normal times, an investment which is clearly remunerative and which ensures the repayment of the loans granted by the Employment Fund. In many towns works of public utility commenced before the crisis have had to be subsequently suspended for lack of funds. These works represent frozen capital which brings in no income. With the assistance of the Employment Fund they can be completed at little expense, while at the same time increasing the national fortune and creating opportunities for the regular employment of workers.

In *Switzerland* the majority of public works are undertaken by the cantonal and communal authorities, and the Federal Government confines itself in most cases to granting subsidies, especially for such works as altering the courses of rivers and torrents, road building, land improvement and reafforestation, the construction of roads for rural and forest land development, etc.

Similarly, relief works are for the most part financed by the cantons and communes, the Confederation having confined itself hitherto to encouraging these works by paying special subsidies on account of the wages of unemployed persons who in most cases normally engage in some other kind of work.

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<sup>1</sup> *Manchester Guardian*, 5 August 1936.

The following table shows the expenditure of the cantons and communes, including the Federal subsidies, on the construction work undertaken by them during the years 1930 to 1933.

EXPENDITURE OF THE CANTONS AND COMMUNES ON CONSTRUCTION WORK

(In thousands of francs)

	1930	1931	1932	1933
Annual cantonal accounts . . . . .	109,857	131,874	137,266	135,324
Including roads . . . . .	78,914	91,801	96,578	94,866
Communes (estimate) . . . . .	<sup>1</sup>	—	121,000	<sup>1</sup>
Industrial undertakings of the cantons and the communes (estimate)	<sup>1</sup>	—	80,000	<sup>1</sup>
Total. . .	—	—	338,266	385,000 <sup>2</sup>

<sup>1</sup> No figures available.

<sup>2</sup> Estimate.

The relief works undertaken by the cantons and communes were estimated to cost about 200 million francs for the period 1 January 1932 to 31 December 1934.

In the *Union of South Africa* the total ordinary expenditure of the provincial administrations on roads, bridges and local works during the five years ended 31 March 1934 was as follows: £1,357,000; £1,303,000; £1,357,000; £1,132,000 and £1,468,000.

As regards unemployment relief works, these were prior to 1934 mainly of a temporary nature and usually consisted of road, railway and irrigation works; a considerable number of the unemployed were also temporarily absorbed in miscellaneous municipal subsidised works. Since April 1934 the numbers employed on temporary works and particularly on road works have been considerably reduced and schemes of a more permanent and national character have been introduced such as anti-soil erosion schemes, the eradication of noxious weeds, land reclamation and the encouragement by means of subsidies of the engagement of farm assistants by farm owners for work on the land. Two major irrigation projects have been started, upon completion of which it is intended to grant plots of land to men who have served on the works as labourers and who show an aptitude for agriculture. Several new schemes for providing permanent employment for European labourers have also been decided on.<sup>1</sup>

In the *United States* prior to the depression nearly half of all public works in the United States were constructed by cities. County authorities in the aggregate undertook about 25 per cent., the 48 States something over 15 per cent. and the Federal Government the remaining 10 per cent. According to the figures of the Federal Employment Stabilization Board the amount spent on

<sup>1</sup> *Official Year Book of the Union of South Africa*, 1933-34, p. 817 and pp. 193-195.



constructional works by the States, cities and other public bodies declined from \$2,910 million in 1930, to \$2,417 million in 1931, \$1,485 million in 1932, and only \$800 million in 1933.

Under the National Industrial Recovery Act of 1933 \$980 million were allotted for non-Federal construction projects by States, cities, counties, etc., the Federal Government being willing to make outright grants to localities up to 30 per cent. of the cost of labour and materials of approved projects and lending the balance at 4 per cent. interest on reasonable security; up to March 1936 the total estimated amount actually spent was \$726 million.

Many local governments where the need of Federal assistance was most acute were not in a position to meet the financial requirements laid down for loans and grants. Under the Emergency Relief Appropriation Act of April 1935 the limit to which outright grants might be made was extended to 45 per cent. of the cost of each project, the remainder of the funds being provided either directly by the local bodies concerned or by loans from the Public Works Administration. Of a total of \$4,880 million provided by the Act, \$330 million were allotted to non-Federal public works, and \$1,150 million to the Works Progress Administration for works to be carried out mainly by local bodies. In general the Works Progress Administration projects undertaken on the application of States, cities or other political subdivisions are financed almost entirely by Federal funds, though in many instances local governments have made substantial contributions. As at 15 November 1935 18 per cent. of the total cost of the W.P.A. programme was being paid by the project sponsor.

The projects undertaken under the present programme are widely distributed throughout the nation and involve the following types of construction: waterworks, reservoirs, sewers, extensions to schools, new community centres, hospitals, courthouses, jails, streets, highways, bridges, tunnels, power plants and distribution systems, airports, recreational facilities and other public works. Work on streets, roads and public buildings have accounted for more than half of the total.

The individual projects are selected from applications received from States, Territories, possessions, municipalities and the District of Columbia. They are examined to determine their eligibility from legal, financial and engineering standpoints in accordance with the established policy of the Public Works Administration. The programme includes many self-liquidating projects. In this category are a number of projects which would have been beyond the ability of the community to finance had it not been for the Federal grant of a portion of the cost.

In *Yugoslavia* the total expenditure on public works carried out by the local authorities under the supervision of the Ministry of Public Works during the period 1929-1934 was as follows (in thousands of dinars):

1929....	41,359	1932....	256,395
1930....	127,042	1933....	149,093
1931....	258,945	1934....	208,819

With a view to encouraging public works and thus finding work for a larger number of unemployed persons, the National Workers' Insurance Office decided in 1935 to place part of its available funds at the disposal of local authorities in the form of long-term loans on mortgage.

Local authorities have power to obtain long-term loans on mortgage out of the current resources of the invalidity, old-age and survivors' insurance system and also from the employees' pension fund of the National Workers' Insurance Office. Such loans may only be used for certain clearly defined purposes such as water and electricity supply, building of hospitals and sanatoria and in general for works having the character of social improvements. These loans are only granted on first mortgage and with the express undertaking by the borrower not to alienate or transfer the property pledged without the consent of the Office which, if it thinks necessary, may require some part of the revenue derived from municipal and departmental undertakings and from surtaxes to be earmarked for the payment of interest on the loans. The amount of the loan may not exceed half of the value of buildings mortgaged, and one-third the estimated value of lands; the period of amortisation must not exceed 40 years while the rate of interest is to be 8 per cent. unless decided otherwise by the Office.<sup>1</sup>

## § 2. — Public Utilities

Expenditure of private corporations which provide public utilities on capital works is similar in its economic effects to that of the central, regional and local authorities. It has been impossible, however, to present a complete picture of such works, and consequently this section is limited to a few items of information on works of this character aided, for the most part, by the Governments.

In *China* the Ministry of Railways and the National Reconstruction Commission have jurisdiction over the construction of railways. During the period 1933-1935 many railways were constructed jointly by the central and local governments. The National Reconstruction Commission also has jurisdiction over the construction and operation of power plants. The number of Government owned power plants was increased from 14 in 1933 to 22 in 1934. 8,860 kilometres have been added to the telegraph systems from 1925 to 1935 and local telephone lines have increased by 87,676 kilometres from 1928 to 1935, while long distance lines have increased in the same period 32,008 kilometres in length.

In *France*, the expenditure of the great railway lines in 1935 totalled 2,144,200,000 francs (of which 474,700,000 was for new rolling stock and 1,669,500,000 for expenses on new works). For 1936 the programme of expenditure of the great lines was fixed by the Superior Railway Council, at its sitting on 27 November 1935, at 1,733,800,000 francs (of which 412,400,000 francs was for new rolling stock and 1,321,400,000 for new works). It has, however, been contemplated that the great lines will in 1936 undertake about 500,000,000 francs extraordinary expenditure under the head of large-scale works for combating unemployment, covering among

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<sup>1</sup> *Rodnicka Zastita*, Vol. XVII, No. 9.

other matters, works of electrification and signals.<sup>1</sup> Under the Legislative Decree of 4 October 1935, the maximum amount of supplementary works and acquisition of rolling stock on which the main line railways may engage by virtue of annual payments included in the Finance Acts will be increased, up to a maximum of 2,330,000 francs, by the amount of the loans granted by the Deposit and Loan Fund out of the common fund instituted by the Decree of 15 May 1934.

In *Great Britain* two extensive transport schemes were initiated in co-operation with the Government during 1935. The first provides for the development and extension of railway and other transport facilities in the London area and was put in hand by the London Passenger Transport Board and the main line railways. The programme includes the electrification of existing suburban railways, the construction of underground lines, the reconstruction of stations and the improvement of power supply. The cost of the works to be undertaken is £35,000,000 and they are to be completed within five years from September 1935. The second scheme is being carried out by the four main line railway companies and comprises important schemes of electrification, the provision of new or improved transport facilities in various cities and districts in different parts of the country and the construction of improved locomotives and carriages. These works are estimated to cost £30,000,000, are also to be completed within five years and are in addition to the normal renewal and replacement programmes of the companies concerned. Preliminary contracts have been placed and the London and North Eastern Railway has commenced works costing £800,000 in addition to the allotment of contracts worth £500,000.<sup>2</sup>

Owing to the increase which has taken place in the trade of the Port of London and the potentialities for a still further increase, the Port of London Authority has drawn up a comprehensive programme of improvements estimated to cost nearly £12,000,000 to be carried out within as short a time as financial considerations permit. The programme of works has been divided into stages and it is hoped to embark upon the first stage during 1936. The works include dock expansion and reconstruction, and construction of new bridges and quays, the building of warehouses, and the provision of electric cranes and other mechanical appliances.<sup>3</sup>

In the special areas, as part of the reconstruction plans of the Commissioner, a public utility society has been formed with powers to develop land, to lay down streets and roads and to enter into arrangements with local authorities for the provision of working-class houses. Trading estate companies, financed by Exchequer funds, are being formed, their purpose being to acquire sites, equip them with railway sidings, roads, etc., and to erect buildings suitable for letting to persons engaged in starting fresh enterprises. A Special Areas Reconstruction Association has been set up by the Government, which, in agreement with the Treasury, will afford

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<sup>1</sup> *Journée industrielle*, 28 and 30 November 1935.

<sup>2</sup> *Westminster Bank Review*, February 1936, p. 14.

<sup>3</sup> *The Times*, 22 May 1936.

financial assistance to industrialists setting up or extending businesses in those areas, the sums necessary to meet the companies' expenses to be voted each year by Parliament.<sup>1</sup>

In the *United States*, the Reconstruction Finance Corporation, with the approval of the Interstate Commerce Commission, is authorised to aid in the financing, reorganisation, consolidation, maintenance or reconstruction of railroads, but this amount may not exceed at any one time the sum of \$350 million.

Loans to the railroads by the Public Works Administration fall under three headings: (1) Construction work in the form of electrification, the laying of rails and ties and repairs to buildings, bridges, etc.; (2) Building and repairing of locomotive and passenger and freight cars in shops operated by the railroads; (3) Locomotive and passenger- and freight-car building in commercial shops.

As part of its programme of attack upon unemployment, the P.W.A. allotted funds provided by the National Industrial Recovery Act for the construction of 64 non-Federal power and light plants. The P.W.A. made a direct grant of 30 per cent. of the total labour and material cost to each of the six cities in which power plants were constructed. This cost totaled \$461,628. The payroll disbursements at the site of construction amounted to \$61,046 but this amount represents only a part of the total amount received by labor. In the construction of the power plants 465,529 man hours of labor were created, 81.6 per cent. being indirect labor and the balance of 18.4 per cent. for labor at the site.

### § 3. — Aid to Private Industry

In a number of countries Governments have given assistance to private industry with a view to increasing the demand for labour, and information on schemes of this kind is given below.

In *Australia*, in the State of *Queensland*, advances are made by the State Advances Corporation to assist eligible persons to erect dwellings and to enlarge and improve them. Funds for this purpose are made available annually by parliamentary appropriation. Tenders for such dwellings are publicly invited by the Corporation on plans and specifications prepared by it according to the desires of each client; the Corporation also supervises the erection of the dwellings and makes available to the contractor progress payments on account of the contract; thus the Corporation not only finances the erection of the dwellings but also acts in the capacity of an architect on behalf of its clients. An expenditure of £365,057 was made during the year 1934-1935 to private individuals for this purpose.

In *Western Australia*, as a method of promoting employment by the stimulation of the building industry, the Employment

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<sup>1</sup> *The Times*, 12 May 1936.

Council inaugurated a system of small loans to householders to enable them to effect alterations, additions and improvements to their dwellings. Under this scheme the Government made available at 5 per cent. loans up to £300 on terms not exceeding 15 years; approximately £25,000 has been allocated in this way. The scheme has acted as a general stimulus, it being found that where one householder had effected improvements to his home, others, in many cases without calling upon the Government for assistance, were induced by the spirit of competition to do likewise, and the final result was that very much more than the £25,000 mentioned was expended in this direction.

In *Austria*, an Act to subsidise private undertakings which create new opportunities of work for unemployed persons was promulgated in June 1935. To qualify for the subsidy, the undertakings concerned must have engaged during the second half of 1935 a number of unemployed persons equal to at least 20 per cent. of the average staff of the undertaking during the second half of 1934. In such cases the Government may pay a bonus amounting to 50 per cent. of the unemployment allowances saved through the engagement of these unemployed persons, or more than 50 per cent. when the number of unemployed persons engaged reaches 800. In addition, the tax on wages must be reduced or refunded in respect of these workers.

In *Denmark*, an Act which was passed in the 1934-1935 session of Parliament and which expired on 1 April 1936, empowered the Minister of Social Affairs to grant subsidies to undertakings which could show that they were able to increase substantially the volume of employment they gave in such a way as not to involve any reduction in production by other undertakings, or indeed any reduction at all in existing possibilities of production. The subsidy had to be well below the amount that would probably be saved on unemployment benefit as a result of the additional workers obtaining employment. Before a decision was taken the matter had to be referred by the Minister to a committee of eight persons appointed for the purpose by the Riksdag. The Riksdag provided 1,000,000 kroner for grants of this kind, but this sum might be increased by contributions from local authorities in cases where a substantial reduction in the expenditure of the authorities on unemployment relief was brought about as a result of the Government grant.

In *France*, two important legislative decrees were passed on 30 October 1935 with a view to stimulating private activity in the building industry. The first Decree provides that the basis of the assessment of the net income from land and built-up property, in the case of leased or rented property, shall be the gross income minus a deduction equal to the value of the repairs done to the buildings. The previous regulations did not provide for the deduction of the exact amount spent by the landlord on the repair of his buildings, but merely considered this expenditure as one element in an inclusive deduction of 30 per cent. from the gross income of the property, intended to cover the cost of management, insurance and amortisation as well as repairs. This inclusive deduction is maintained under the new regulations, but reduced from 30 to 20 per cent. It is said that the rebate for repairs is justified by the fact that a recent Decree of 16 July 1935, making a 10 per cent. cut in rents, has had the effect

of reducing the income of landlords to an extent likely to lead to a serious restriction of the repairs they would normally do on their buildings. As repairs to existing buildings represent about two-thirds of all the activity of the building industry, any such restriction would result in a further and considerable aggravation of the position of building operatives, who are already hard hit by unemployment. On the other hand, it is also desired to prevent a gradual deterioration of house property which would give rise in the near future to a serious housing problem. Although this measure might cause some immediate loss to the Treasury, it would nevertheless, it was argued, help to promote economic recovery and increase the general yield of taxation as well as reduce the expenditure due to unemployment.

A second Decree authorises the federations of craftsmen's co-operative societies, the sole purpose of which is the performance of credit operations, to grant loans under certain conditions to the owners of existing dwelling houses with a view to enabling them to entrust to master craftsmen belonging to the Craft Chamber, any repairs, reconditioning, improvements or sanitary work likely to increase the value of the property as well as any extension work when accessory to existing buildings. The grant of a loan is subject in all cases to the preliminary examination and approval by the craftsmen's credit association of the estimates submitted by the craftsmen to whom the work is to be entrusted. The loans may not exceed two-thirds, or in certain cases three-quarters, of the total value of the work to be done. The craftsmen's co-operative federations may also make their financial assistance conditional on their approval of the craftsmen concerned beforehand, mainly with the object of obliging them to contribute to a guarantee fund formed to meet the eventuality of insolvency on the part of the beneficiary of the loans. In order to procure the funds necessary for the transactions specified in the Decree, the craftsmen's credit federations may contract loans either with the Deposit and Loan Fund under the same conditions as local authorities, or with other lenders, the amortisation period in no case being permitted to exceed ten years. In justifying the attempt to help small craftsmen in this manner it is stated that craftsmen's undertakings are rarely in a position to benefit directly by the execution of the big public works schemes organised to relieve unemployment, and it has therefore proved necessary to seek other means of providing them with work consistent with their capabilities and special characteristics.<sup>1</sup>

Finally, a décret of 29 January 1935 authorised the Minister of Labour to admit to the benefit of the State subsidy to unemployment relief funds, on the same terms as the allowances made by such funds, the bonuses granted by the local unemployment funds to employers engaging persons regularly registered. Such bonuses were not to exceed the amount of the unemployment allowance which would have continued to be paid to the person so engaged, not including dependants' allowances. It was not, however, to be paid in respect of the same unemployed person to the same employer for more than 180 days in any period of 12 months. According to a circular of the Minister of Labour of 11 March 1935, this arrangement was not applicable to

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<sup>1</sup> *Journal officiel*, 31 October 1935.

engagements for public works or for the purpose of supplies to public departments or establishments and newly created establishments were not entitled to the benefit of it.

In the *Irish Free State* grants and loans are made available in respect of relief works at creameries. These works are carried out, under the supervision of the Department of Agriculture, by private corporations or by individuals, and the necessary funds are provided by the Government. The grants and loans made during the three years ending 31 March 1936 amounted to £3,760 in 1933-34, £1,824 in 1934-35 and £1,339 in 1935-36.

In *New Zealand*, the Unemployment Board constituted under an Act of 1931 and in existence until 1936 subsidised the work of private employers in the farming industry, in the gold mining industry and in the building industry. In the unemployment schemes provided for the farming industries one scheme existed for farmers wishing to secure additional labour on a weekly basis; and another for those desiring to have work done on a contract basis. In the former case the rate of pay was arranged mutually between farmer and worker, the Board subsidising actual wages on a scale, graduated in accordance with the conjugal position of the men employed, while the farmer, in addition, was expected to find the man in board and lodging or housing where necessary. In the latter the Board granted a subsidy of 50 per cent. of labour cost with a maximum limit of £75 on any subsidy payable. In both cases the grant of a subsidy required the prior examination of the work to be done. As a result of the developmental work done on the latter scheme it was stated that the land concerned would carry an additional 668,000 sheep, 98,000 cattle and 490 pigs.<sup>1</sup> The total subsidies paid on the two farm schemes up to 31 March 1935 totalled £821,170.

As the building industry in New Zealand contributed more to unemployment in the recent depression than any other industry and as, in the view of the Unemployment Board, it was an industry specially suited for financial assistance because labour costs form so high a proportion of total costs, it employs a relatively high proportion of skilled labour which it is necessary to maintain at as high a degree of efficiency as possible, and the demand for dwellings is elastic, the Unemployment Board offered subsidies to the industry with a view to stimulating renewed activity. The Board subsidised the erection of new, or alterations and repairs to existing, dwellings to the extent of 33½ per cent. of the wages paid to all labour engaged with a maximum subsidy of £1. 2. 6 per week per man. A subsidy of 8s. 4d. in the £1 with a maximum subsidy of £1. 5. 0 per man per week was also payable on not more than 80 per cent. of the cost of labour employed on the erection of, or repairs and alterations to, business premises, commercial buildings, public buildings, factories, storehouses, etc. It was the opinion of the Unemployment Board that "every pound expended in subsidy is resulting in the unlocking of capital to the extent of approximately £8 and the expenditure in direct and indirect wages of nearly £7."<sup>2</sup> During the period the scheme was in operation some £423,740 were paid in subsidies.

<sup>1</sup> *Report of the Unemployment Board, 1935, p. 14.*

<sup>2</sup> *Report of the Unemployment Board, 1932, p. 21.*

As a result of the collapse of the gold standard in Great Britain in September 1931, and the depreciation of the New Zealand pound by 25 per cent. in terms of sterling, there was a strong upward movement in the market price of gold. As a consequence of the favourable position of the industry the Unemployment Board made considerable efforts to draft men into the industry. Subsidies were granted to groups of prospectors or miners previously unemployed in order to encourage prospecting. Assistance was also given in the form of equipment, transport, etc., but the cost was recoverable from the men through the proceeds of the gold won. Subsidies have also been paid to companies or syndicates employing registered unemployed. In addition to agreeing to refund the cost of such subsidies when they reached the gold-winning stage, it was necessary for them to undertake not to pay any dividends or dispose of any rights until such a refund had been made. As a result of the Board's policy gold mining activity has increased in all the gold bearing regions in New Zealand. Up to 31 March 1935, subsidies to a value of £456,240 had been paid.

The number of subsidised workers under these three schemes was as follows :

Date	Farm schemes	Gold mining	Building
December 1932 . . . . .	9,210	1,510	3,243
June 1933 . . . . .	9,980	3,600	477
December 1933 . . . . .	9,690	3,760	7,428
June 1934 . . . . .	7,430	3,610	2,272
December 1934 . . . . .	5,670	3,404	1,005
June 1935 . . . . .	3,290	3,340	395
August 1935 . . . . .	3,730	3,300	305

The Unemployment Board has also made loans or grants to the Kauri Gum Control Board and to the flax industry for the purpose of research into the improvement in the quality of the commodity produced in order to improve the overseas competitive power of the industry concerned. Encouragement has also been given to certain small and nascent industries, viz., the manufacture of industrial cutlery, of pig-iron and of tobacco leaf.

In *Norway*, grants are occasionally made to private undertakings if it is thought that the discharge of workers can be averted by temporary assistance or if a particular commune is especially dependent on an undertaking which is threatened by the likelihood of a considerable reduction in or even total suspension of work.

In *Poland*, the building of dwelling houses is encouraged by the granting of long-term public loans at a low rate of interest. These loans are granted by the State Building Fund, which is administered by the Bank of National Economy. Since 1932 the majority of the loans have gone to the building of small dwellings. In 1934 the Fund granted 46,800,000 zlotys in loans, which enabled 53,374 houses to be built. The amount of loans granted in 1935 amounted to about 36,000,000 zlotys. To these sums must be added the loans granted by the Silesian Economic Fund which, in 1933-1934, granted loans to the value of 2,935,000 zlotys, enabling 2,216 houses to be erected.



To stimulate the erection of workers' dwellings, a public institution known as the Workers' Dwellings Society, was created in 1934 and was supported in part by grants from the Employment Fund referred to elsewhere in the pages of this Report.<sup>1</sup> This society, which builds only workers' dwellings, may make grants up to as much as 80 per cent. of the costs of construction. In 1934 the Employment Fund granted the Society 3,684,000 zlotys which enabled it to build 18 workers' settlements in different parts of the country, the settlements comprising 1,066 dwellings with a total of 2,208 rooms. In 1935 the Society received further grants from the Unemployment Fund and from the Building Fund amounting in all to 7,000,000 zlotys.

In the *United States* the Emergency Relief and Construction Act of 1932 authorised the Reconstruction Finance Corporation to make loans to corporations wholly for the purpose of providing housing for families of low income, or for the reconstruction of slum areas where rents, etc., are regulated by State or municipal law, to aid in financing projects undertaken by such corporations when the projects are of self-liquidating character; to make loans to private corporations in order to assist them to carry out the construction of bridges, tunnels, docks, viaducts, waterworks, canals and markets devoted to public use which are self-liquidating in character; and to make loans to private limited dividend corporations to assist in financing projects for the protection and development of forests and other renewable natural resources when such are regulated by a State or other public body and when such are self-liquidating in character. This Act was superseded by the National Industrial Recovery Act (NIRA) which provided that there should be included in the programme of public works any project eligible for loan under the Emergency Relief and Construction Act, including loans for the construction or completion of hospitals (the operation of which is partly financed from public funds), of reservoirs, pumping plants and dry docks.

The Electric Home and Farm Authority and the Federal Housing Administration are also agencies for the promotion of private construction. The former, established in August 1935, is a subsidiary of the Tennessee Valley Authority and was created for the purpose of the installation of electric appliances in homes and on farms; the latter, established in June 1934, has two functions: to insure lending institutions against losses suffered on account of loans made for the purpose of repairing, improving, or modernising real property up to 20 per cent. of the aggregate amount of such loans, and to insure first mortgage loans made by approved lending institutions.

The Home Owners' Loan Corporation is an emergency relief agency of the Federal Government created in June 1933, the general purpose of which is to grant long term mortgage loans at low interest rates to those who are in urgent need of funds for the protection and preservation of their homes, and who are unable to procure the needed financing through the normal channels. The great majority of the loans are made to save homes from foreclosure.

An interesting development in the United States in the early stages of depression was the growth of "Self-Help" Associations.

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<sup>1</sup> See p. 43.

These were co-operative productive associations, the most common activities of which included the growing and canning of foodstuffs, the cutting of fuel-wood, the making of clothing, of soap and cosmetics, of maple syrup, jams and pickles; the repair of automobiles, shoes and radios; dairy farming, butchering, poultry-raising, plumbing, fishing, carpentry; the operation of bakeries, beauty shops, laundries, cafeterias and various handicrafts. Co-operative productive societies are restricted in their cash sales to products that will not overload a competitive market, as a result of which they have developed much ingenuity in arranging barter deals with some commodities. By the Emergency Relief Act of 1933, the Federal Emergency Relief Administration was given power to assist these self-help associations, and, shortly afterwards, the Division of Self-Help Co-operatives was established to render assistance to the State Administrators. For this purpose, \$2,395,600 was granted to 26 States and the District of Columbia and miscellaneous possessions between August 1933 and 31 July 1935. To a certain extent aid was given in the form of loans. In such cases the co-operatives remained under the supervision of the Federal Emergency Relief Administration. However, with the inauguration of a new works programme under the Emergency Relief Appropriation Act of 1935 further grants to co-operatives have ceased. The opinion was expressed that, on the whole, the programme had been beneficial. It had conserved crops that might otherwise have gone to waste; it had reduced relief expense and had provided thousands of people with necessities; and it had built up the morale of the participants by affording them work.

In the *Union of South Africa*, the problem of soil erosion is of great importance in various parts of the Union. Works requiring technical advice are planned and surveyed by engineers of the Department of Agriculture whose services are available free of cost to the owner. The works can be undertaken by the farmer (*a*) at his own expense, (*b*) with a Government loan, or (*c*) by means of unemployed Europeans. Where the land owner prefers to undertake the works at his own expense, he is paid a bonus of 25 per cent. up to a maximum of £62. 10. 0 in each individual case on all work completed to the satisfaction of the Department. Special loans to a maximum of £250 in each case can be obtained from the Government, the loans being repayable over a period of thirty years. A subsidy is also paid by the State so that for every £100 loan the land owner is required to pay only £75. The utilisation of unskilled labour for anti-soil erosion works approved by the Department of Agriculture is subsidised to the extent of seven-eighths of the wage-bill involved. The expenditure incurred by the Government is charged to the ordinary budget of the State; it was estimated to cost £223,000 during the financial year ended 31 March 1935.

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## CHAPTER III

### CO-ORDINATION AND CONTROL BY THE CENTRAL GOVERNMENT

#### § 1. — Administrative Organisation

The experiences of the recent depression and the difficulties encountered in the way of carrying out extended programmes of public works have brought into prominence the question of establishing a central government organisation which would be responsible for the planning and co-ordination over a number of years of the public works policies of all government departments, local authorities and public utility undertakings and for choosing the moment most appropriate for the acceleration and slowing down of public works programmes. In many cases in recent years complaint has been made that the lack of some central co-ordinating body and the absence of previous preparatory work severely limited the attempts made to use public works to give employment or reduced their effectiveness as an instrument of depression policy. Thus it has been said of the attempt to expedite the execution of public works in the United States of America that "the Public Works Administration had to start from scratch and work up its plans. Had these been previously perfected, it would have been possible to have started at once. But as it was these preliminary preparations took time. The lesson for the future is, therefore, that full programmes of public works of varying degrees of magnitude should be drawn up in advance by a long-term planning board".<sup>1</sup> In two previous Reports on Public Works<sup>2</sup> published by the Office, the conclusion was reached that not many attempts at co-ordination had then been made. Though somewhat greater progress has been made more recently, this conclusion still remains largely true.

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<sup>1</sup> Paul H. DOUGLAS : *Controlling Depressions*, p. 128.

<sup>2</sup> *Unemployment and Public Works*, 1931, Series C, No. 15 ; *Public Works Policy*, 1935, Series C, No. 19.

In some countries, of which *Czechoslovakia, Italy, Poland* and *Spain* are examples, permanent central bodies controlling public works have been established, and co-ordination between the different bodies responsible for public works is provided for by the representative nature of the bodies established. Where such bodies are concerned solely with the public works of the Central Government provision may be made for the Ministries of Finance, Labour, Public Works, etc., to be represented on the Board ; where such bodies are concerned also with the public works of local authorities provision may be made for their representation on the co-ordinating board as well. In other countries, while an attempt has recently been made to plan public works over a number of years, the authority instituted has, as a rule, been only of a temporary nature and no provision has been made for the establishment of a permanent, co-ordinating, planning committee. Further, such bodies as have been established have been purely advisory.

In *Belgium* some degree of co-ordination in public works was achieved by the creation in April 1928 of two central funds — the Public Works Fund and the Road Fund — together with a second Special Road Fund established by an Act of 12 August 1933. The preamble of the latter Act stated its object to be the advance planning of public works and the regulation of their activity between prosperity and depression in accordance with the principle recommended by the International Labour Office. The advance planning of public works has since been developed by the creation by Royal Decree of an Economic Recovery Office (O.R.E.C.), the duty of which is to prepare, co-ordinate, and supervise the execution of the measures adopted by the Government with a view to promoting the economic recovery of the country. The O.R.E.C. is under the direction of a Ministerial Committee presided over by the Prime Minister and consisting, in addition, of three other Ministers, including the Minister of Finance and the Minister of Public Works.

In *Canada* a National Employment Commission of seven members was established early in 1936. The Commission has as its aim the co-ordination of unemployment relief and of public works and for this purpose it has the following functions: the carrying out of a national registration and classification of persons on relief ; recommendations as to the conditions to be complied with by provinces obtaining grants for relief purposes ; establishing means for the mobilising of all agencies of relief, both State and voluntary, and co-ordinating the work of such agencies. With regard to public works the Commission is required to investigate and report on proposals for the carrying out of public works programmes and other projects, including projects of the Dominion, the provinces and municipalities and to recommend

comprehensive measures constituting a long-range plan of national development which may be proceeded with or discontinued from time to time as conditions warrant. It is also required to investigate and report on measures for co-operating with commercial and industrial groups in advising on ways by which provision may be made for the maintenance and increase of employment.

In *China* the central authorities which undertake public works are the National Economic Council, the National Reconstruction Commission, the Ministry of Communications and the Ministry of Railways. The first two organisations report directly to the National Government and have in their employ a number of experts, while the latter two ministries report directly to the Executive Yuan.

Under the National Economic Council there are the Bureau of Roads, the Bureau of Hydraulic Engineering, the Bureau of Public Health Experiment, the Bureau of Agriculture and a number of technical committees. All conservancy commissions have now been brought under the direct control of the Council. The N.E.C. is authorised to regulate and supervise public works undertaken by local governments.

Under the National Reconstruction Commission there are the Bureau of General Affairs, the Bureau of Planning, the Bureau of Enterprises, including sections of mining, electricity, irrigation and accounting, and a number of technical committees.

Under the Ministry of Communications, there are the General Affairs Department, the Postal Administration Department, the Telegraph Administration Department, the Navigation Department and a number of committees.

Under the Ministry of Railways there are the General Affairs Department, the Business Department, the Finance Department, the Public Works Department and a number of committees.

In *Czechoslovakia* public works are divided into ordinary public works, of which the primary object is the development of the economic equipment of the country, and relief works, aiming chiefly at creating opportunities of employment for the unemployed. Public works of the first category are provided for in the budgets of the State, the provinces and the communes. Relief works are undertaken outside the limits of the budgets of the local authorities and public institutions and are works which would not have been undertaken without financial assistance from the State. At the beginning of 1935 the Government announced the creation of two commissions for the co-ordination of public works. An inter-ministerial commission, consisting of representatives of the Prime Minister, the Ministries of Social Welfare, Finance, Public Works and the Interior is engaged in the preparation of a general plan in relation to public works. Schemes of work are considered from the point of view of their importance for combating unemployment, and of the economic development of the country and consideration is given to the profitability of the proposed investments. The proposals of the inter-ministerial commission are submitted for decision to a ministerial public investment commission, consisting of the Prime Minister (Chairman) and the Ministers of Social Welfare, Finance, Public Works and the Interior.

On 23 November 1936 an advisory committee on public works, known as the Investment Committee, was established. At the first

meeting of this body it was decided to set up four sub-committees, one for each of the four provinces (Bohemia, Moravia, Slovakia and Subcarpathian Ruthenia). The establishment of this advisory Committee and its four sub-committees was intended to enable account to be taken, in carrying out public works, of the special needs of the different regions. The Committee will aid the Government departments in the execution of public works according to a programme fixed for a certain period in advance, and will collaborate closely with the representatives of the Government departments so that due regard may be paid to the interests of the particular regions affected.

In *Germany* under the Legislative Decree of 15 December 1932, a Federal Commissioner was appointed to co-ordinate and accelerate all measures for providing work for the unemployed. The Commissioner who was directly responsible to the Chancellor had the assistance of a special inter-departmental Committee, and of the administrative services of the Federal Government, the States, the local authorities, and all public institutions. It was the duty of the Committee to draw up general rules concerning the approval of public works and to decide the date of commencement of the works. Important executive powers were exercised by the Commissioner. Originally all plans for public works undertaken by the States, local authorities, public corporations, or mixed undertakings were first submitted to the Commissioner but in 1933 there was a return to the system of decentralisation. In the programme of June 1933 all plans, including relief work for which subsidies might be granted, had to be submitted to the competent authorities of the States, who transmitted them direct to the credit institutions which were to provide funds. It was provided further that, in the case of most public works, a copy of the plans should be submitted to the State employment office, which would study them from the point of view of the employment market, and to the State Public Works Office for an examination of their technical and financial aspects. The functions of the Commissioner for the Development of Employment and the Advisory Commissions were transferred by an Act of 13 July 1933 to the Minister of Labour, who is thus in a position to supervise developments in different sections of the country.

In *Great Britain* there is no organisation for the co-ordination of public works and orders for supplies given by the Central Government. Each department acts independently subject to parliamentary control and to a general supervision exercised by the Treasury. The State has a certain control over the public works of local authorities by virtue of the powers which the central government possesses of influencing their capital expenditure.<sup>1</sup>

In addition to financial assistance, the State stimulates the activities of local authorities in certain directions by Circular Letters. For example, the Housing Authorities were informed by Circular in 1933 that in the view of the Government the rate at which slums were being dealt with was too slow and that a concentrated effort between the Central Government and the local authorities was necessary to ensure greater progress. Accordingly, local authorities were asked to submit programmes and were requested to make

<sup>1</sup> See section 2 of this Chapter.

an immediate commencement with the work. To provide against delay, to assist local authorities and to establish some degree of co-ordination the technical and administrative staff of the Housing Division of the Ministry of Health was increased and arrangements were made for General-Inspectors to be available to advise and consult with local authorities as difficulties arose.

As already stated in a previous chapter the Government appointed an Unemployment Grants Committee in 1920 to assist local authorities in carrying out approved schemes of useful work in relief of unemployment. Within its limited field this Committee acted as a co-ordinating body and the volume of works undertaken with the Committee's help varied from time to time in accordance with changes in the Government's policy.

Under the Special Areas (Development and Improvement) Act, 1934, two Commissioners were appointed to undertake measures for the economic development and social improvement of the Special Areas in England and Wales, and Scotland, respectively, which were very depressed owing to trade conditions. Circulars were sent to the local authorities in the Special Areas asking them to submit schemes of public works for consideration.

In *Italy* the task of the Superior Public Works Council<sup>2</sup> is to express an opinion on the more important public works plans and on draft laws or regulations concerning public works. These decisions may be taken either by the Council as a whole in the case of very important plans or by sections of the Council meeting separately or jointly, or by special Committees appointed by the Council who meet regularly at the middle and end of each month.

The Council has four sections: the first dealing with ordinary road work and building; the second with waterworks, forestry, land improvements, irrigation, maritime work, aqueducts and sewers; the third with the utilisation of water power and waterways and the national food supply; and the fourth with roadways, tramways, public motor services and inland navigation.

Early in 1932 a new section of the Superior Council was set up which was to act as a central technical service responsible for supervising and co-ordinating, on the basis of a systematic plan and uniform methods, all the technical activities of the Civil Engineering Department. This technical service was also to be made responsible for certain tasks under Section 17 of the Act of 1 June 1931, and for the collection of the necessary information concerning technical programmes in general. The activities of this service include the collection of statistics concerning public works (plans submitted, plans under consideration, and work in course of completion), the preparation of plans for different districts with a view to the systematic organisation of the annual programme of public works, the collection of information as to the technical activities of the Ministry of Public Works during the first ten years of the Fascist régime, and the preparation of standard specifications with a view to achieving uniformity in the methods of carrying out different types of public works. The service was also made responsible for drawing up the programme for dealing with unemployment in subsequent years. It was asked to study a number of technical questions, more particularly technical problems concerning public works suggested by private individuals. It has organised a labora-

<sup>2</sup> Created by an Act of 15 July 1926, amended by an Act of 1 June 1934.

tory for testing building materials and an experimental track. It is further responsible for co-ordinating hydrographic and meteorological observations and for examining plans for the utilisation and development of water power and waterways, the transmission and distribution of electrical energy, etc.

In *Japan* the Government established in 1930 a Committee for the Prevention of Unemployment, over which the Minister of the Interior presided. This was divided into two sections, one dealing with measures for combating unemployment and the other with the co-ordination of public works. In 1932 the Committee was replaced by a Committee for Action against Unemployment.

When a local authority desires to undertake work for which a Government subsidy is required, it must apply to the Ministry of Interior, giving information on the following points: the unemployment situation in the region; the reasons for desiring to undertake the work; the nature of the work and plans for its execution; the method of financing the work (when a public loan is contemplated, the reasons must be given); estimated wage costs; the number of man-days of work to be done; the proportion of staff to be recruited from among the registered unemployed; the daily average number of workers to be occupied and the intended wage rates; the dates at which the work is to be begun and ended; the geographical position of the intended site; an estimate of the costs; and if it is proposed to allot the execution of the work to a private undertaking, the reasons, and the proposed terms of the contract, especially the social stipulations.

In the *Netherlands* the Government appointed in May 1936 an Advisory Committee on Public Works including the Minister of Social Affairs (chairman) and representatives of the Ministries of Public Works, of the "Waterstaat", of Finance and of Home Affairs.

In *New Zealand* the responsibility for the construction of public works is shared by the Public Works Department, the Railway Board, the Main Highways Board and the Unemployment Board. From 1931 to 1936 the New Zealand Railways were controlled by the Government Railway Board, but the railways themselves were constructed by the Public Works Department and are transferred to the Railway Department when completed. The Main Highways Board consists of six members including two representatives of County Councils and an officer of the Public Works Department. The Dominion is divided into eighteen highway districts, composed of groups of counties, suited by geographical situation and community interests for being so grouped. The functions of the District Highway Councils are to make recommendations for each year as to which roads within the revenue districts should be declared main highways during the period. In general, though the Main Highways Board is the controlling authority, the actual construction and maintenance of main highways is undertaken by the local authority under the direction of, and with financial assistance from, the Main Highways Board. The local supervision of the construction of main highways is undertaken by the local engineer of the Public Works Department. To a smaller extent certain constructional works are the responsibility of road boards, borough councils, city councils and county councils. During the year 1935 a Committee of Departmental Officers presided over by the advisory economist to the government was appointed to investigate a programme of suitable works upon which more unemployed might



be given employment on a full-time basis. Another important function of the Committee was to collect and arrange in convenient form information on which a long range programme of public works covering several years might be based. This did not necessarily involve an increase in the total of public works, but the opinion was expressed that it would enable the public works programme to be more closely related to the general economic position. In addition, it would enable preliminary surveys to be made so that works might be commenced when required.<sup>1</sup>

Under the Unemployment Act of 1930 the expenditure on and the control over all unemployment relief works were vested in the Unemployment Board set up by the Act. The Board was empowered to appoint such members of local committees as might be necessary for the Board's purposes. The Board undertook no relief work itself but subsidised the relief works of local authorities, the work of certain public departments and that of private employers. By the Employment Promotion Act, 1936, the Unemployment Board was abolished. Its officers and functions have been absorbed by the Labour Department which is responsible for its administration to the Minister for Employment.

In *Poland* the construction of public works was to a large extent centralised by the establishment of the Employment Fund in 1933 the purpose of which is to encourage, and to collaborate in, the preparation of public works plans or plans for public utility work and any other work which is likely to decrease unemployment. Following the reorganisation in 1935 the Employment Fund is directly under the control of the Minister of Social Welfare. The Fund is administered by a Board presided over by the Minister of Social Welfare and consisting of representatives of the Ministries of the Interior, Finance, Public Instruction and Worship, Agriculture, Industry and Commerce, and Communications, together with representatives of the local authorities, employers, manual and non-manual workers, and of persons specially competent in social and economic matters. The Board lays down the general lines of action of the Fund and draws up each year a scheme of works to be financed. It adopts the budget estimates and the reports on the work of the Fund. The Board is therefore the central executive body and, as a result of its composition, it is possible to co-ordinate the action with regard to public works of the various central departments and autonomous administrations. The Employment Fund devotes a large part of its resources to the financing of works connected with communications, and more particularly with the construction of roads. Money is also expended on rivers and ports, water supplies, electrification and distribution of gas and on buildings.

District Boards of the Fund are appointed under each Voivode. Their principal function in the matter of public works is to lay down the line of action of the Fund in the Voivodeship. Financial plans are prepared by the regional offices of the Fund in each Voivodeship. These schemes form the basis for the preparation of the general scheme by the Board of the Fund, which also takes into account the proposals of the Central Department. Works are undertaken sometimes directly by the public authority, but more often by contractors.

<sup>1</sup> *Public Works Statement, 1935, p. iii.*

There are two main funds subsidiary to the Employment Fund. Though the bulk of road work is financed by the Employment Fund, some is also financed by the Road Fund which was created in 1931. It is in part responsible for the construction of State roads but also subsidises road construction by local authorities. With a view to the erection of dwelling houses the Bank of National Economy (the State Bank) grants loans at a rate of interest lower than the current rate, the difference between the two representing a subsidy which the State grants to the builders of dwelling houses and which is covered by the Housing Fund administered by the Bank of National Economy.

When announcing a public works programme of 223 million zloty early in 1936, the Government stated that, in order to ensure that the programme is systematically executed and that proper contact is maintained with the financial centres of the country, it had been decided to set up a Capital Expenditure Board, which will examine the various public works projects submitted by each Government Department, from the point of view of financial possibilities, and will establish an order of priority. The projects will then require the approval of the Economic Committee attached to the Prime Minister's Department.

In *Portugal* a Commissariat of Unemployment under the Ministry of Public Works was established in September 1932. Attached to it is an Advisory Committee including representatives of employers and workers. The principal duties of this Commissariat are to inform the proper authorities as to the districts where public works should preferably be undertaken and to receive applications for labour. In order to ensure close collaboration between the State and the independent public authorities in carrying out public works directly affecting the rural population, the Government has set up a special service responsible, in particular, for the development of municipal and local roads, rectification of river courses, land levelling, water storage and supply and reafforestation schemes, etc. The State bears the labour costs entailed by these works up to a proportion of 50 per cent. of the total cost, the remaining expenditure being met by the public corporations and independent local authorities. In addition, the Government collaborates with the local authorities in the development of villages, small towns and cities, costs incurred on planning, technical assistance, and labour being shared between the State and the authorities concerned.

In *Spain* Acts of 7 July 1934 and 25 June 1935 have established a National Unemployment Committee with the duty of suggesting to the Cabinet the most suitable measures to be taken against unemployment, when they should be put in hand, the places in which it is desirable to carry them out and the most appropriate method of financing them. Co-ordination between the different State departments with regard to public works is achieved by the composition of the Committee which consists of the Under-Secretaries of State for Public Works, Agriculture, Education, Industry and Commerce. Attached to the Committee is a secretariat under the direction of the head of the employment exchange service of the Ministry of Labour. Subsidies may be granted to public bodies, undertakings, or private persons for the execution of certain public works.

In *Sweden* the Government appointed a Committee of Experts early in 1936 with a view to removing the lack of preparation which had been a hindrance to the development of public works policies. The Committee was to make an inventory of the works (State, municipal and private of a public utility character) which might be reserved for periods of depression. The Committee has already issued an interim report recommending steps to be taken for the drafting of an inventory.

According to the recommendations made by the Committee, State authorities and institutions were to supply information before 1 July 1936, on public works which ought in the ordinary way to be carried out during the five years beginning with the financial year 1937-38 and the public works which might be organised during the same period with a view to relieving unemployment. The local and provincial authorities would also be required to supply certain information through the provincial governors. The particulars are, however, to cover a period of ten years, namely, 1937-46, and are to relate in the first place to all public works which may be expected to be carried out during this period with State subsidies or loans under the existing regulations, and secondly to other works and orders that may be expected to be carried out in the ordinary way during the same period and are of such a nature that their execution may suitably be advanced or postponed with reference to the desirability of providing employment during periods of unemployment. In addition, information is required concerning works and orders which — although necessary and useful — cannot be expected to be carried out during the ten-year period unless the State provides some form of assistance for the purpose of combating unemployment.

The latter information is to apply also to works of a public utility nature planned by private individuals, associations, endowments or other organisations. Suggested examples are institutions for education, the care of the sick, gymnastics, sports, and baths; the provision of assembly halls; water mains and sewers and fire-fighting equipment; work on private roads; the clearing of water-courses, etc.

The provincial governors were further requested to give information as to schemes for road construction work covering several years which are at present being prepared and are expected to be completed in the period 1941-46, and also concerning road construction work which could be carried out during the ten-year period 1937-46 if the State were to give special assistance for the purpose of combating unemployment. Timber-floating associations, the provincial agricultural societies and forestry authorities were also required to give information concerning works to be carried out during the next ten-yearly period and which might possibly be varied in time and amount for similar reasons.

At the same time the State Building Administration has approved a proposal for long-term planning of the construction of State buildings, and has proposed an alteration in the procedure for dealing with questions concerning building plans. It is considered that a five-year plan should be drawn up, with preliminary estimates of the cost, and should be submitted to the Riksdag for approval.

In *Switzerland*, a special Office, attached to the Federal Department of Industry, Arts and Crafts and Labour, has been in existence

since 1933. Its purpose is to co-ordinate public works and orders made by the various Federal, cantonal and communal Administrations, and to determine as far as possible the time at which they shall be put in hand, account being taken of the state of employment. At the end of 1934 this Office was absorbed into a Central Office for the creation of employment openings, the establishment of which was decided on 4 August 1934. The function of this new Office is to keep in daily touch with openings for work in Switzerland, and see that they are utilised in such a way as to employ the largest number of persons. For this purpose it will take steps to see that the programme of the ordinary and extraordinary works of the Confederation, the cantons, and the communes is drawn up periodically, and that the works are timed and located in such a way as to ensure a maximum possibility of employment for Swiss workers and to reduce seasonal unemployment to the strict minimum. It will also try, in co-operation with the associations of architects and contractors, to obtain a similar result with regard to private building. The Central Office is moreover responsible for subsidising relief and other works and for encouraging the organisation of voluntary labour service for young unemployed persons.

In the *United States* in 1931 Congress passed the Employment Stabilisation Act, the purpose of which was to promote the advance planning and regulated construction of federal public works with a view to the stabilisation of employment. The Act provided for the appointment of a Federal Employment Stabilisation Board, the function of which is to advise the President of the trend of employment and business and of the time most opportune for the acceleration of the public works programme. Important factors that must be considered in estimating the trend of employment and business are the Department of Labour's index number of employment and the volume of contracts awarded for construction work during any three-month period in comparison with the three-month period of three previous calendar years. When it becomes apparent that a period of business depression exists or is likely to exist within six months, the President is requested to submit to Congress "such supplemental estimates as he deems advisable for emergency appropriations to be expended upon the authorised construction of highways, river and harbour works, flood control, public buildings, and other constructions authorised by Congress." To fulfil the purpose of the Act each construction agency of the Federal Government must prepare a six-year advance plan of necessary works, the plans being submitted to the Board and to the Director of the Bureau of the Budget. The Board must also collect information showing the advance constructions plans and estimates of States, municipalities and other public and private agencies.

Under the National Industrial Recovery Act, 1933, a Federal Emergency Administration of Public Works (PWA) was set up to administer the public works section of the Act. A special Board of Public Works was appointed, the functions of which were the formulation of a comprehensive plan of public works; the examining and drafting of contracts between the United States and the applicant bodies; and the supervision of the performance of all contracts entered into.

In determining the eligibility of any works for inclusion in any scheme the Board must examine them in relation to the possibility of co-ordinated planning; their social and economic desirability in relation to their effect upon employment and industrial revival; the technical soundness of the works and the financial ability of the applicant body to complete the work, and to give reasonable security for loans made by the Federal Government. For the fulfilment of these purposes the central organisation includes a Planning Board<sup>1</sup> for the purpose of assisting in the formulation of a comprehensive programme of public works; a Labour Board to deal with labour questions arising out of any contract; a Technical Board to examine difficult questions of engineering, finance and law; and technical units for the consideration of specific projects from a technical, legal and financial point of view.

Organisation was to some extent decentralised by the establishment of regional advisers to assist the Planning Board in formulating a plan for each region; State Advisory Boards to consider local projects from the point of view of the central organisation viewed as a whole; and by the appointment of State engineers who are executive officers of the Federal Board and whose responsibility is the examination of the technicalities of all projects submitted.

An important addition to the legislation governing public works policies and administration in the United States was the Emergency Relief Appropriation Act of 1935 (E.R.A.A.) which, in order to carry out extensive relief works, established three new Government bodies, namely, the Division of Applications and Information, the Advisory Committee on Allotments and the Works Progress Administration. The Division of Applications and Information, the duty of which was to receive all applications for work projects, to examine them and to transmit them to the Advisory Committee on Allotments was abolished shortly after its establishment. The Committee on Allotments (composed of 18 Government officials and one representative each of the Business Advisory Council, organised labour, farm organisations, the American Bankers' Association, and the United States Conference of Mayors) is charged with the duty of making recommendations to the President for such projects as will constitute "a co-ordinated and balanced programme of work". The Works Progress Administration (WPA) is responsible for the co-ordinated execution of the works programme in such manner as to remove from the relief rolls to work on projects or in private employment the maximum number of persons in the shortest possible time. The Administrator of the WPA is assisted by two advisory boards, the Board of Labor Review for questions involving labour relations, and the Works Progress Advisory Board "to give the benefit of the layman's perspective on the entire programme." The WPA is represented in the field by regional workers and State administrators, who are Federal and not State officers. It has also established a Division of Progress Investigation which receives periodical reports on all works projects.

The Public Works Administration (PWA) remains in existence side by side with the new body, and the choice as to whether a project should come under the WPA or the PWA is made by the Advisory Committee on Allotments, which meets with the President,

<sup>1</sup> The Planning Board has been reorganised on several occasions and its place is now taken by the National Resources Committee.

affording him a means of surveying relief activities and discussing general policies. In general, funds are allotted to the PWA for construction (other than repair and maintenance projects and other projects directed specifically by the President to be allotted to the WPA) where the total cost upon completion is estimated to be more than \$25,000, and also for slum clearance and low-cost housing projects. Small construction projects and others such as recreational facilities, ditches, airports, rural roads, etc., as well as projects of a type designed to assure maximum employment principally to professional and clerical classes are handled by the WPA. A basic difference between the two is that the latter uses relatively less material and more labour than the PWA.

Other federal bodies engaged in carrying out public works construction in the United States have been the Rural Electrification Administration (1935) for the purpose of administering and supervising electrical projects in rural areas; the Resettlement Administration (1935) for settling low-income families in rural areas; the Tennessee Valley Authority and the Civilian Conservation Corps.

River and harbour projects, reclamation projects, public buildings and other Federal projects are carried out under the direction of the respective Government departments or agencies having jurisdiction of similar projects.

In *Yugoslavia*, Regulations of October 1934 provide for the establishment, all over the country, of district public works boards. The duty of each of these bodies is to draw up lists of the public works to be undertaken in its district, stating how it is intended to carry them out.

The same Regulations provide also for the establishment of a provincial public works board in each "banovine" (province). On the basis of reports from the district boards, the provincial boards are required to draw up annual provincial public works programmes; these will be submitted for approval to the Government, which, after a thorough examination, may allot the necessary credit from the National Public Works Fund.

## § 2. — Financial Problems

In considering the financial aspects of public works policy, one of the most important problems is that of co-ordinating public works with monetary policy.<sup>1</sup> It is generally considered that the use of public works and orders for supplies as a means of giving employment to unused resources both of capital and labour can succeed only if they form part of a general expansionist policy systematically pursued by the Government and the banks. Open market operations by the central bank designed to put further credit at the disposal of the public and measures to reduce and maintain at a low

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<sup>1</sup> Cf. *Public Works Policy*, Studies and Reports, Series C., No. 19, pp. 72-118.

level the long term rate of interest are the principal methods which have been used for this purpose in recent years, and they have been facilitated in certain cases in the special circumstances of these years by the devaluation of the currency. It is also considered to be a matter of importance that the Government and the central bank should clearly announce the policy they intend to follow, as uncertainty on such a matter is likely to deter private investors and any increase in public works expenditures may in such a case be paralleled by reductions in private investment. It can hardly be doubted that declarations by the British Government at various times that it intended to continue its cheap money policy, and by the Banking Committee of the Swedish Riksdag in May 1932 that the internal price level and the needs of Swedish industry and trade would be the chief criteria of policy, helped materially to prepare the ground for recovery from the depression and in the latter country for the successful application of a public works policy.

Another question of great importance in this connection is the effect of public works on the budget. In so far as the works are successful in diminishing unemployment they result in a decrease in the amounts payable for the relief of the unemployed, whether in the form of insurance benefit, assistance allowances or payments on special relief works. Moreover, they will lead to an increase in the national income and thus to an increased yield of existing taxation. Calculations on this point have been made by Mr. J. M. Keynes, by the German Statistical Office and by Mr. André Borie.<sup>1</sup> Taking into consideration the saving on unemployment relief and the increased yield in taxation, Mr. Keynes estimates that the budget will benefit to the extent of 50 per cent. of the expenditure on public works, the German Statistical Office 57 per cent., and Mr. Borie (without counting the saving on unemployment relief) 30 per cent.

Against this must, of course, be placed the sums necessary to pay for the works or, if the money is borrowed, for interest and sinking fund payments. Many works are, of course, financed out of the proceeds of taxes, but it is generally considered inadvisable to use this method of financing on a large scale when the purpose is to stimulate economic expan-

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<sup>1</sup> *Ibid.*, pp. 76-77.

sion. In the first place it would be impossible to raise sufficient money by taxation for a really effective works programme without doing considerable harm to the national economy in other directions. Increased taxation would almost necessarily cause a reduction in the demand for consumption goods, and although such a reduction may be desirable in certain special circumstances (see page 122), this should be kept within very narrow limits. Otherwise the public works may bring about a decline in private business activity and consequently fail in their purpose. This applies both to taxation imposed by the central Government and to that of regional and local authorities. There is, however, an important difference in the economic effects of national and local taxes respectively. National taxation is normally raised mainly by taxes on consumption goods, imported produce and income. It does not as a rule add directly to the cost of production but falls primarily on income. It affects taxpayers' spending power, but public works have the effect of transferring that spending power to the employers, workmen and, in some cases, shareholders, who are in some way or another concerned in the carrying out of the works. Local taxation, on the other hand, falls in some countries largely on the value of buildings, including factories and workshops. Such taxation does constitute a cost of production and is therefore to some extent a hindrance to economic activity. The most serious aspect of local taxation, however, is the fact that it varies from place to place and thus puts the more heavily taxed areas at a disadvantage as compared with others. It is, however, precisely in the industrial areas where local taxes are relatively high that development works are most needed.

On the other hand, there is always during a depression a certain amount of money seeking investment and unable to find an opening, and it is part of the object of a well planned public works policy to provide openings for investment at such a time. It is the mobilisation of idle money which helps to stimulate the economic system and in a number of countries this has been done by borrowing the money and charging the interest and sinking fund payments to the budget.

It is, however, sometimes maintained that borrowing for public works during a depression will, by unbalancing the budget, adversely affect the confidence of business men and



investors in the future development of the national economy. On the other hand, it is said that there is no particular reason why a budget should be balanced every year, and that it is equally sound policy to balance the budget over a period of years so that the budget can be used as a weapon in the fight against trade fluctuations and unemployment. Instead of the temporary unbalancing of the budget being considered a calamity it would be considered a highly desirable factor in economic policy. Striking measures on these lines have been adopted in Denmark and Sweden, among other countries, and in the latter, since prosperity has returned to the country, the special short-term loans raised in 1933 and 1934 for public works have been repaid.

The adoption of a public works policy by any country as a means of mitigating industrial fluctuations is likely, in the absence of international agreements, to entail certain consequences against which precautions may have to be taken. There will almost certainly be a rise in prices and money incomes, owing to the increased economic activity. The rise in prices may in certain circumstances cause exports to fall off or prevent them from increasing, while at the same time there will be an increased demand for imports, both for the works themselves and to meet the larger consumers' demand. The result may be to upset the balance of payments. It might therefore be desirable, as the Swedish Government recognised, temporarily to reduce consumption by an increase in taxation, or to reduce imports by additional restrictions on international trade. No such measures proved necessary, however, because exports were expanding during the whole of the period. It is, however, certain that a situation of the kind referred to might arise in different circumstances.

As to the precise method of raising the money, there is no need to do more than refer briefly to the fact that various possibilities are available. Apart from taxation, the money may be obtained by direct borrowing from the public, or by borrowing from the banks, or by the use of reserves, or by the issue of short-term bills discountable by the central bank, or by a revaluation of the gold reserve consequent on the devaluation of the currency, as was the case in Belgium. In some countries use has been made of the accumulated funds of social insurance institutions. This practice does not meet with unanimous approval, however, because it is thought

that social insurance funds should be kept as liquid as possible and that money lent for public works purposes cannot easily be recovered at any moment if required. Another method is the borrowing of the money from abroad either from private sources or by agreement between the two Governments concerned. In most countries special bodies exist for the financing and undertaking of particular classes of work and in such cases the money may be derived from taxes specially earmarked for the purpose. This is above all the case in road construction and maintenance, a Road Board being frequently set up with resources obtained from motor-car taxation.

In most countries the bulk of public works expenditure is incurred not by the central Government, but by regional and local authorities. The Government, however, often exercises an influence over the programmes of these authorities by making grants or loans to them to enable them to carry out works which they are unable to finance without such assistance. The experience of a number of countries in recent years shows that many authorities had spent so freely in the period of relative prosperity preceding the depression that when business activity fell off they were unable to finance large-scale public works programmes, not only because the yield of taxation declined but still more because they had reached the limit of their borrowing powers with the result that their public works expenditure so far from increasing diminished as the depression progressed.

In *Australia* the amounts spent from consolidated revenue on new works increased from £74,454 in 1930-31 to £1,443,693 in 1933-34. The amounts spent from the Loan Fund on works etc. decreased from £1,976,526 in 1930-31 to £521,909 in 1933-34, the latter amount including £300,161 for unemployment relief; in 1931-32 and 1932-33 all expenditure on works other than unemployment relief work was made from the proceeds of taxation.<sup>1</sup>

There is a Loan Council consisting of representatives of the Commonwealth and each of the States, which draws up proposals for loan expenditure. If it decides that the total amount cannot be borrowed at reasonable rates and conditions, it fixes the amount that can be borrowed and allocates this amount between the Commonwealth and the States. The Council at a meeting which concluded on 19 May 1936 fixed the loan programmes of the Commonwealth and State Governments for the financial year

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<sup>1</sup> COMMONWEALTH BUREAU OF CENSUS AND STATISTICS : *Finance Bulletin*, No. 25, pp. 10 and 15.

1936-37 at £19,910,000. Of this sum, the share of the Commonwealth was £3,750,000, of New South Wales £6,053,000, of Victoria £3,423,000, of Queensland £2,528,000, of South Australia £1,606,000, of Western Australia £1,717,000 and of Tasmania £833,000.<sup>1</sup>

The Premier of Victoria, referring in the 1935-36 Budget speech to the intention of the Government to undertake an extensive programme of public works and relief works of a developmental and permanent nature, said it was impossible to carry out fully the Government's desires as it had been found necessary to modify the original programme owing to the difficulty experienced in obtaining sufficient funds through the Loan Council.<sup>2</sup>

In addition to loans, the Commonwealth Government makes substantial grants to the States, often on a pound for pound basis, to enable them to undertake relief works and developmental work such as mining and forestry for the absorption of the unemployed. Grants are also made to the States by the Commonwealth Government specifically for use in the form of contributions towards interest and sinking funds on loans for works undertaken by local authorities who would otherwise be debarred from proceeding with public utility schemes because the consequent debt service would be beyond their rateable capacity. For instance, a Bill was introduced early in 1936 to provide £100,000 annually for ten years for this purpose; the amounts payable to each State are based on relative population at 30 June 1935 and are as follows: New South Wales £39,400, Victoria £27,400, Queensland £14,450, South Australia £8,700, Western Australia £6,650 and Tasmania £3,400.<sup>3</sup> The works are as far as possible to be in country districts and preference will be given to those employing the most labour. The Bill makes possible an appreciable degree of decentralisation of public works expenditure which hitherto has been largely concentrated in or about the capital cities.<sup>4</sup>

In *Austria* a Lottery Loan was issued by the Government in 1933 for the purpose of public works. In 1935 a "Labour Loan" amounting to 175 million schillings was issued and part of the proceeds were to be devoted to public works. During the same year the Government decided to expend a total sum of 210 million schillings on public works. The erection of buildings, etc. is normally financed by the proceeds of taxation. The voluntary labour service which carries out a considerable volume of public works is financed by subsidies from the State, and the budget of 1935 provided a credit of about 9 million schillings for this purpose.

In *Belgium* the special expenditure on public works proposed for 1936 exceeded by nearly 1,000 million francs the corresponding expenditure laid down for 1935. This increase represented only the first instalment of a programme of works and orders to be financed by the Economic Reconstruction Office which would continue up to and including the year 1938 and would entail an expenditure of 3,500 million francs in three years. It was explained by the Minister of Public Works and Re-employment in a speech

<sup>1</sup> *The Age*, Melbourne, 20 May 1936.

<sup>2</sup> Victoria, *Parliamentary Debates*, 3 August 1935.

<sup>3</sup> *The Age*, Melbourne, 15 May 1936.

<sup>4</sup> *Commonwealth Parliamentary Debates*, 15 May 1936.

in the House of Representatives on 11 February 1936 that this programme might be carried out without borrowing in view of the fact that the proceeds of the revaluation of the gold reserve of the National Bank consequent on the devaluation of the currency yielded a net balance of over 3,800 million francs after certain advances had been deducted.

In *Canada*, financial assistance is given to the provinces and municipalities on the basis of a general agreement under which the Dominion Government undertakes to provide for a certain proportion of the expenditure on projects submitted and approved by the Governor-in-Council.

Agreements were entered into under the Relief Act 1935 with all the provinces except Quebec and British Columbia providing for a Dominion contribution of 50 per cent. of amounts expended by the provinces on such highways as have been designated by the provinces and approved by the Federal Government as part of the Trans-Canada highway.

Agreements with some provinces provided for a Dominion contribution towards the cost of certain provincial undertakings, mainly highways, which were recommended by the provinces and approved by the Federal Government. The Province of Ontario received a contribution towards certain municipal undertakings; the city of Winnipeg received a contribution toward the cost of a sewage disposal system; Vancouver toward the cost of public works in parks.

The preamble of the Unemployment and Relief Act 1936 states that it is "in the national interest that the Dominion co-operate with the provinces of the Dominion and other organisations and individuals in their endeavour to expand industrial employment, to foster agricultural settlement and resettlement, to conserve and develop agricultural resources and to construct and to assist in the construction of public works".

In *China* the funds for carrying out public works are provided in the national budget and are usually met by the issue of bonds or other forms of loans. It should also be pointed out that the National Economic Council has derived funds from the proceeds of the 1931 American Wheat and Cotton Loan of G\$50,000,000, and that the net proceeds of the National State Lottery which was started on 31 July 1933 have been appropriated solely for the development of aviation and public highways.

Funds devoted to reconstruction by provincial and district Governments are larger than those spent by the national Government. Land taxes constitute the main source of provincial revenue.

In *Czechoslovakia* the Government subsidises certain works organised by such State undertakings as the State forests and the State mines and foundries. The maintenance and construction of roads for which the State is directly responsible and other roads of importance for long-distance traffic are financed by a Road Fund set up by an Act of 14 July 1927. The resources of the Fund are derived from the tax on motor-cars and a proportion of the taxes, fees and customs duties on petrol and tyres, etc. The Fund is authorised to raise long-term loans on the security of the tax revenues. In each of the years 1929 and 1930 the loans raised

amounted to 140 million crowns. In 1931 they jumped to 400 million crowns and then fell again in 1932 to 201 million crowns, and in the first six months of 1933 to 155 million crowns.

The Government makes grants or loans to the provinces, for the execution of works, through the Road Fund, the Improvement Fund, etc.

Public relief works are financed in various ways under the system of "productive assistance to the unemployed", which consists of grants by the State for the execution of works by the local authorities or by public institutions. Such grants take the form of a wages supplement and amount to from 7 to 10 crowns per day per unemployed worker employed.

State subsidies are granted to the communes or district administrations for the employment of young people between the ages of 14 and 20 who have attended winter classes organised for young people out of employment. The last mentioned subsidies amount to 1.20 crowns per hour's work effected. They are granted for a maximum of 30 hours per week per person employed.

Finally the State grants financial assistance for the execution of works by public utility corporations which are not public institutions.

The financing of relief works is entrusted to the Ministry of Social Welfare.

In May 1933 the Government raised an internal loan of more than 2,000 million crowns for public works. The following table shows the credits granted and the sums expended in financing relief works in 1935 :

	Credits assigned by the State (millions of crowns)	Subsidies granted to those entitled to the benefit of such credits	
		Number of works subsidised	Sums granted (millions of crowns)
Productive assistance properly so called . . . . .	75.0	2,753	41.0 <sup>1</sup>
Grants in favour of provinces . .	95.0	779	81.5 <sup>2</sup>
Financial assistance to public utility corporations . . . . .	3.0	93	1.5 <sup>3</sup>
Subsidies to State undertakings .	—	12	0.5 <sup>3</sup>
Productive employment of young people out of employment . .	—	5	1.1 <sup>3</sup>
Total . . . . .	173.0	3,642	125.6

<sup>1</sup> Up to 10 September 1935.

<sup>2</sup> Up to 31 July 1935.

<sup>3</sup> Up to about 1 September 1935.

According to information published by the Ministry of Finance concerning the intended method of financing public works in 1937, the funds for such works will be drawn from the following sources :

	Kč.
State budget . . . . .	302,139,700
Income of undertakings . . . . .	554,680,900
Current revenue of Road Fund, Improvement Fund, and Waterways Fund . . . . .	322,240,000
Proceeds of National Defence Loan . . . . .	3,000,000,000
Other Treasury advances and loans . . . . .	1,070,561,000
Total . . . . .	5,249,621,600

In *Denmark*, since 1927, the Government has maintained two budget accounts — a current or ordinary budget and a capital budget. Any outlay which creates a material asset of a durability extending beyond one year forms part of the capital budget. Such outlays include investments in public enterprises, the acquisition of shares in semi-public or private undertakings, the granting of loans and also non self-liquidating expenditure for such purposes as the building of schools, hospitals, administrative offices, etc.

Depreciation and interest charges are debited to the ordinary budget and these represent a contribution by the ordinary budget to the capital budget. The capital budget is derived partly from loans and partly from the proceeds of inheritance taxes. The advantages claimed for this system are that the budget is not balanced year by year but over a series of years. In other words, the budget can be "under-balanced" in times of depression and can thus help to quicken recovery without any threat to the soundness of the country's finances.<sup>1</sup>

In *Finland* the only information available concerns the so-called reserve works, which are generally financed out of the proceeds of taxation. The only works of this kind financed by loan were those included in a programme of supplementary public works approved by the House of Representatives in September 1932 and carried out during 1933 and 1934.

In *France* the public works programme decided upon in the spring of 1934 was to be financed partly by loans from the Social Insurance Fund to the public authorities. A Decree of 15 May 1934 provided that 75 per cent. of the available resources of the old-age and old-age-invalidity funds and of the General Guarantee Fund must be collected from 1 June 1934 to 31 December 1940 in a common account to be administered by the Deposit and Loan Fund and invested by it primarily in loans for public works to reduce unemployment. Such loans were to be made only to public undertakings, local authorities, the main railway systems, colonies, specially approved bodies holding concessions for public works, and other regularly constituted bodies which can obtain a guarantee from a departmental or other local authority.

The Minister of Labour declared in the Chamber of Deputies on 8 February 1935 that the rate of interest on the loans contemplated for the public works was high, as it amounted to 7 per cent. including amortisation, and that consequently these loans did not seem advantageous for the bodies concerned. The rate was therefore reduced on 15 February 1935, so far as interest properly so called is concerned, from 5.35 per cent. to 5 per cent.

With a view to facilitating the execution of public works by the departments and communes, a legislative Decree of 8 August 1935 provided that, on fulfilling certain conditions, these bodies might contract loans, either by public issue, subscription by banks, or from the Departmental and Communal Credit Fund, which was created in December 1931 for the purpose of facilitating the financing of public works. For this purpose certain modifications were made in the Statutes of the last named Fund<sup>2</sup>, particularly

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<sup>1</sup> BRINLEY THOMAS : *Monetary Policy and Crises*, pp. 125-127.

<sup>2</sup> As to this body, cf. *Public Works Policy*, p. 36.

by a legislative Decree of 28 August 1935. This Decree also provided that the Fund might grant remissions of interest for a period not exceeding 30 years, or the period during which the works might be expected to remain in use, as the case may be. Such remissions were only to be granted in respect of loans at a rate of interest not exceeding a fixed maximum. The annual charge remaining imposed on the Department or commune after such remission would be that of a loan contracted at a rate of interest not less than 2 per cent.

The total amount of the loans for which remissions may be granted under this Decree must not exceed 300 million francs in each year, and the same Department or commune may not receive remissions on more than a total amount of loan of 3 millions in any one year.

With regard to the distribution of the money set aside for the remission of interest, the Fund classifies the local authorities according to the extent of their resources and their population. If the quota of any category is not exhausted in any one year, it will be carried forward to the budget of the next financial year.

A Legislative Decree of 12 October 1935 modified the above provisions by converting the remissions of interest previously granted by the Fund into remissions of annual payments covering both interest and amortisation. Further, although the grant of remissions while communes are in receipt of subsidies is not forbidden, the remissions are in such cases very limited. Remissions are accordingly in a sense substituted for subsidies. A sum of 1,000 million francs was placed at the disposal of the Fund to enable it to lend money to local bodies unable to obtain the necessary money locally.

The terms of the loans which the Fund is authorised to grant to departments and communes are regulated by a Decree of 27 November 1935. The period of the loans must not exceed 30 years and the rate of interest is fixed by an Order of the Minister of Finance.<sup>1</sup> This interest is free of all existing fiscal charges for the borrower (tax on income of movable property and registration duties).

In pursuance of a provision of this Decree, the local body concerned, in submitting an application for a loan to the Fund, must state the reasons which militate against the issue of the loan, wholly or partly, in the locality concerned. The competent authorities have, in fact, on several occasions called the attention of public bodies to the advantages of local loans which use local savings. A circular of 26 July 1933 pointed out that loans of this kind can generally be raised at comparatively low rates of interest and that, by putting back into circulation savings which are too often unproductive, they may greatly facilitate the financial equilibrium of undertakings. Moreover, this special form of local effort is in accordance with the national interest, while the incidental expenses of local loans are insignificant. The present Government also emphasised the importance of local loans for local projects when its public works programme was under consideration by the Finance Committee of the Chamber of Deputies in July 1936, and pointed out that the floating of such loans would help to accelerate the circulation of capital, some of which has been hoarded in the past.

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<sup>1</sup> An Order of the Minister of Finance dated 4 December 1935 fixed the rate at 5 per cent.

The remunerative character of a great many local works has often been emphasised. In this connection the legislative Decree of 30 October 1935, providing for the encouragement of the construction of rural dwellings and authorising communes of more than 2,000 inhabitants to contract loans for this purpose, stipulates that the annual charges for interest and amortisation of such loans shall be provided by the income from rents received, by a tax on the communal allowances paid to families accommodated with housing, and by annual savings on budgetary expenditure, and in certain cases by subsidies granted by the department, the communes or public undertakings. The buildings in question are also exempt from land tax.

The legislative Decree of 30 October 1935 for facilitating credits for works of maintenance, etc., carried out by handicraftsmen's building undertakings provides that, for the purpose of procuring the necessary funds for carrying out such operations, handicraftsmen's credit unions may contract loans either from the Deposit and Loan Fund, on the same terms as local authorities and public undertakings, or from other lenders, but the period of amortisation of such loans must not exceed 10 years. Further, the loans which may be granted by unions of handicraftsmen's co-operative societies must not exceed two-thirds, or in certain cases three fourths, of the amount certified by the specifications, and such unions may make their financial assistance subject to certain conditions obliging handicraftsmen to contribute to the constitution of a fund for insuring against the possible insolvency of borrowers.

While the above provisions remain in force and the works to which they refer continue to be put in hand, the present Government introduced a Bill into Parliament for the purpose of speeding up the carrying out of the works. This Bill was passed on 18 August 1936. It authorises the Government to provide for an initial expenditure of 4,000 million French francs up to 31 December 1936. For this purpose the Government may raise medium or long term loans. Of the sum mentioned above, 500 million francs will be used to repay any advances which may have been made by the Treasury in application of the Act.

The share of the State in the expenditure will be distributed among the departments concerned (Ministry of Agriculture, Ministry of National Education, Ministry of the Interior and Ministry of Public Health), and will consist either in payments for work carried out by the State itself or in advances, grants or a guarantee or remission of interest and sinking fund annuities to the various bodies carrying out the works such as departments, communes, public undertakings, public utility corporations, co-operative associations, sporting societies approved or controlled by the State, low-cost housing associations, colonies, protectorates and mandated territories.

Each year the Government will issue as an appendix to the draft budget a statement of the amount and probable distribution of the expenditure proposed for construction, equipment and advances in virtue of the Finance Act of 31 December 1935 and the Public Works Act of 18 August 1936.

A Decree dated 7 September 1936, to administer the Act of 18 August 1936, simplified the extremely complicated scheme under which States subsidies had hitherto been allotted to local authorities. Subsidies for public works can now be granted to them either in



lump sums or by annual instalments. They are allotted by the Minister after consultation with an *ad hoc* committee, the percentage they form of the total cost being determined according to the nature of the work, as follows: school buildings in general, except as specified below, hydraulic work, rural civil engineering, electrification, work relating to physical training, and departmental and communal public utility work, 50 per cent.; principal and secondary roads, 70 per cent.; ordinary local roads, 80 per cent.; buildings for the lower classes of elementary schools, and work to establish access to and utilisation of the outlying parts of communes, 90 per cent. Further, bonuses of 10 per cent. may be granted on certain conditions to the authorities, institutions and other bodies which finance their works by means of loans contracted on the local market; but in no case may the total State subsidy exceed 92 per cent. of the cost.

Another Decree of the same date reorganised the Departmental and Communal Credit Fund, so as to make it easier for the departments and communes to finance their share in the cost of their works. The Decree defines the objects of the Fund as follows: to arrange for the payment to the local authorities, institutions and other bodies in question of the subsidies allotted to them in annual instalments, to grant them loans, and to facilitate the contracting of loans by departments and communes. The Decree allots various sources of revenue to the fund, in particular an initial grant of 300,000,000 francs already provided for, plus surplus receipts which are placed to reserve.

A Decree of 15 February 1935, admitting to the benefit of a State subsidy the wages paid to unemployed persons employed in unemployment relief works, provides that such subsidy shall only apply to part of the wages corresponding to the maximum amount on which the subsidy for cash relief is based. In the case of works undertaken by a department, however, the subsidy may not exceed 60 per cent. of the maximum referred to. This scheme has lost a good deal of its importance now that the Departmental and Communal Credit Fund grants a remission of interest and sinking fund payments, as described above.

In communes where public institutions for the relief of unemployment have been in operation for at least two years, and where the number of unemployed persons relieved by them exceeds 4 per cent. of the total legal population, the subsidy allowed to the commune for the wages of workers employed on the works in question is increased if the proportion of the number of unemployed persons employed in application of the Decree to the number of unemployed persons in receipt of relief exceeds 10 per cent. A table fixes the increase in proportions varying from 4 to 50 per cent. of the total subsidy, according, in the first place, to the proportion of unemployed persons relieved to the legal population (above 4 per cent.) and, in the second place, to the proportion of unemployed persons employed to the unemployed persons relieved by the commune in question (above 10 per cent.). The State subsidy, after the increase, must in no case exceed 90 per cent. of the wages.

In *French Oversea Territories* the question of financing public works was examined jointly by the Equipment Committee and the Finance Committee of the Economic Conference of France and of

French Oversea Territories. The result was the preparation of a Bill embodying the following main principles :

(1) A National Fund for the public equipment of the French Oversea Territories was to be constituted and was to receive each year from the State budget a sum at least equal to 150 million francs. The resources so constituted were to be used for granting assistance to the oversea territories with a view to the carrying out of works of public equipment of recognised utility.

(2) Such assistance might in the first place be granted in the form of capital grants, but this form of assistance was to be applied only by way of exception and for the purposes of works of exclusively national interest and not directly profitable to any particular body.

(3) In all other cases the territories were to issue the necessary loans directly and the Fund would only make a contribution to the interest charges ; this contribution was to vary in amount according to the circumstances and might extend over a period of variable length.

(4) The working of the Fund was to be established on the following basis : apart from capital grants, two types of contribution to the interest charges were provided for. The first was applicable to works the remunerativeness of which was not immediately apparent, and it included a grant of 4 per cent. of the capital involved during the first three years, 3 per cent. during the three following years, 2 per cent. during the next three years and 1 per cent. during the three years after that. The second type related to works which were more rapidly productive, and in that case the Fund would grant 4 per cent. of the capital involved during the first year, 3 per cent. during the following year, 2 per cent. during the third year, and 1 per cent. during the fourth year.

In *Germany* public works were originally developed as a relief measure in close association with the unemployment relief fund. This measure was known as productive unemployment relief, and in 1926 there were a number of factors favourable to the adoption of such a policy. " The public authorities had as a result of economical and prudent administration a budget surplus in 1924-1925 and 1925-1926, both years of relative prosperity. These surpluses were available for use on productive unemployment relief. Moreover, the communes had been obliged to retard investment during the war and the inflation period, so that the need for fresh investments coincided with the need for the relief of the growing army of the unemployed. The total amount spent for this purpose by the Federal Government, the unemployment relief or insurance institution, the Federal railways, the Federal States, and the communes, amounted to from 500 to 600 million RM. in the two years 1926-1927 and 1927-1928." Three-sevenths of the expenditure on relief was in this form. In the following years of good trade from 1927 to 1929, the authorities failed to accumulate reserves as they had done in 1924 and 1925. Consequently, when in 1929 a cyclical crisis arose, the raising of the necessary funds for productive unemployment relief became more and more difficult, and cash relief, which costs less, became more and more the rule. In 1931-1932, while 3,000 million RM. were spent on cash relief, only 100 million RM. were spent on productive unemployment relief,

"It became more and more clear that the prospects of an automatic economic recovery, and thus of a decrease of unemployment, were small. Hence the need for again having recourse to productive unemployment relief in a new form and on a larger scale." <sup>1</sup>

The works carried out under the productive relief scheme or the voluntary labour service included land development and river improvements, the development of water, gas and electricity supply, and the levelling of land, tunnelling, etc. Long-term loans were made to the bodies responsible for these works, financed by Federal taxation. Grants were also made by the Institution for Employment Exchanges and Unemployment Insurance; this Institution derived its funds partly from the contributions of employers and workers, and partly from the Federal budget through deficiency payments. These grants amounted to 3 RM. per day for every unemployed person engaged on relief works, and 2.14 RM. per day for every worker engaged in the voluntary labour service. Subsequently this grant was made not only in respect of unemployed persons who had been in receipt of unemployment benefit, but also of those who had been in receipt of public assistance. Previously, the local authorities had made a grant in respect of the latter class.

A Legislative Decree of 4 September 1932 introduced a system of short-term loans which afterwards became the usual method of financing public works. The above method of financing continued in force, however, side by side with the new method. Thus, for example, in 1933 all the works previously carried out under the productive relief scheme or the voluntary labour service and in addition certain other works were entitled to grants from the Institution for Employment Exchanges and Unemployment Insurance but not to any grants from the ordinary budget.

The system of short-term financing was regarded as a temporary device on the ground that public credit should serve as a means of tiding over a difficult period, that is to say, it was to be used only to the extent that in future years of improved trade an increased yield of taxes or a saving of relief payments might be anticipated. The system consisted in setting up a number of financing institutions to which the bodies undertaking the works might apply for an advance or a grant. The programme of January 1933, which provided for loans amounting to 500 million RM. for various public works to be carried out by the Government, local authorities and public utility undertakings, included a clause to the effect that when the works had been approved by the Commissioner for the Development of Employment, the German Public Works Company <sup>2</sup> and the German Credit Company (*Deutsche Rentenbank Kreditanstalt*) would be responsible for obtaining the funds from the banks and for lending the money required. The Government undertook to repay the loans to the banks within five years.

The programme of 1 June 1933 also provided for loan expenditure, and in addition to the Public Works Company and the German Credit Company a new body was set up, namely, the German Land Settlement Bank, to finance land settlement and smallholdings.

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<sup>1</sup> Cf. *Vierteljahrshefte zur Konjunkturforschung*, 8th year, No. 2, Part A: "Die Wirtschaftslage im Herbst 1933", p. 121.

<sup>2</sup> The Public Works Company was created in 1930 for the express purpose of financing relief works by raising money on the security of outstanding loans due by local authorities to the Government.

The general procedure was as follows: when the financing body had decided to make an advance or a grant, the body undertaking the works drew a bill on it. The latter discounted these bills with a private bank or a group of banks and the latter might if they wished re-discount them at the Reichsbank. In fact, a large proportion of the bills were discounted by the Reichsbank, which consequently provided the greater part of the money.

An Act of 1 June 1933 authorised the Minister of Finance to issue up to 1,000 million RM. of Treasury Bills which would be paid by the Federal Government within five years by means of annuities of one-fifth of the total amount per year. The Minister of Finance handed these Treasury Bills to the Reichsbank and they served as security for the loans. In certain cases the Minister of Finance was authorised to hand to the Reichsbank tax certificates issued under a previous law as security.

The Institute for Business Research pointed out at the beginning of 1936 that the tax revenues had steadily increased since 1932 and were estimated in 1935-1936 at 9,500 million RM., a sum larger than that for 1929-1930. This enabled the Government to use current resources, together with the amounts saved by lower expenditure on unemployment relief, for the continued financing of the employment creation programme. The volume of the employment development bills in circulation had at that time diminished considerably as a result of the slowing down in the public works programme and the redemption of part of the bills. The Reichsbank is no longer discounting bills of this kind; this task has been taken over by the Gold Discount Bank which obtains the money in the open market.

With regard to the redemption period, the money for the January 1933 programme was to be lent to the works authorities with a repayment period of twenty years.

For the programme of 1 June 1933 a variety of systems was provided for. The financing of administrative buildings, dwelling houses, bridges and other buildings belonging to the States, local authorities and public utility corporations was to be ensured by a loan from the German Public Works Company without interest, repayable in five years. The development of water, gas and electricity supply, the levelling of land and tunnelling, were to receive long-term loans from the same source. Land improvement, river work, and afforestation, were to be financed by the German Land Settlement Bank by means of long-term loans. With regard to afforestation, the German Credit Company was to grant to public authorities, and also to private owners of forests, loans repayable in thirty-one years at most, and carrying interest at 3 per cent. Temporary housing accommodation and huts were to be financed by loans repayable in ten years.

For the financing of motor roads a sum of 50 million RM. was provided by the Federal Railway Company and 7 million RM. by the State of Württemberg. The Institution for Employment Exchanges and Unemployment Insurance which, up to 15 May 1934 granted subsidies amounting to 2,300,000 RM. ceased to make such payments after that date.

For works executed in the Saar Territory a subsidy was granted by the German Government amounting to 21,500,000 RM.

The German Government has also provided for the encouragement of capital expenditure by private bodies and individuals. Thus, the programme elaborated in September 1932 for the develop-

ment of employment included a number of measures for the encouragement of private enterprise. One of these provided for the creation of tax certificates which were issued to taxpayers, and could be used by the latter in the payment of certain taxes. The Reichsbank agreed to accept these certificates as security for loans to be used for productive purposes. It appears, however, that comparatively little use was made of these facilities.

A second measure provided for the payment of a bonus in the form of tax certificates to employers who agreed to take on additional workers or salaried employees. This led, according to a statement made by the Minister of Finance, to the employment of 62,500 additional persons by the middle of December 1932. The measure, however, did not fulfil expectations and on 7 April 1933 it was repealed.

The programme of June 1933 included a number of measures of the kind now under consideration. The general procedure for the financing of these measures was similar to that described above for the works of public authorities. Thus a credit of 100,000,000 RM. was provided for suburban small holdings. This was a continuation of a scheme originated in October 1931. Up to the end of 1932, 75 million RM. had been allocated for this purpose in the Federal budget. The Federal Government made a long-term loan amounting to 2,250 RM. to unemployed persons through the intermediary of the Federal States, for the acquisition and preparation of a small holding with a small dwelling house, the total value of which was not to exceed 3,000 RM. In February 1933 a fresh credit of 50 million RM. was allocated for this purpose, but only 10 millions were to be obtained from resources arising out of the budget. The remaining 40 millions were to be raised by loan. The total amount of 125 million RM. enabled 46,100 small holdings with small dwelling houses to be created. The June 1933 programme provided a total amount of 100 million RM. which applicants could obtain in the form of a long-term loan from the German Real Property Bank (*Deutsche Bau- und Bodenbank*), through the intermediary of the Federal States.

The same programme included a credit of 100 million RM. for the encouragement of repairs to private dwelling houses, the subdivision of such houses into small flats, and the repair of agricultural buildings. This form of assistance was originally started as a result of a Legislative Decree of 14 June 1932 under which 5 million RM. were included in the Federal budget for the purpose of making grants to house owners who would carry out the kind of work intended. The grant made by the Federal Government covered the interest which the house owners would have to pay on loans raised by them for the purpose. By the Legislative Decree of 4 September 1932 a fresh amount of 50 million RM. was included in the Federal budget for this purpose. Under this Decree the grant made by the Federal Government was no longer only to cover the interest of the loans contracted by the house owners. It was to cover from 20 to 50 per cent. of the total cost of the work. In January 1933 an additional 50 million RM. were provided for the same purpose, in June 1933 a further 100 million RM. and in September 1933 still another sum of 500 million RM. was added. The Government grants under these programmes were made on the same conditions as those just mentioned except that the money was advanced in the first place by the Real Property Bank. More-

over, 4 per cent. of the capital raised by the house owner was deducted from the tax on rents payable by him. The method of financing adopted was the same as that already described above.

Subsequently an additional 20 million RM. were set aside by the Government for the purpose of encouraging the building of new houses. In this connection it may be mentioned that an original credit of 20 million RM. was included in the Federal budget in November 1932. In March 1933 the Governing Body of the Institution for Employment Exchanges and Unemployment Insurance decided to make a grant of 5 million RM. from its own funds. As these amounts had been practically exhausted, the further sum of 20 million RM. mentioned above was included in the September 1933 programme. In this programme it is specified that long-term loans carrying interest at 4 per cent. are made to persons who undertake to construct small dwelling houses for their own use. The amount of the loan may amount to 25 per cent. of the total cost of the building, including land, up to a maximum of 500 RM.

In *Great Britain* tax revenues are not as a rule earmarked for any particular service. An exception was made in the case of the Road Fund, which, until the beginning of 1936, was maintained by the proceeds of motor taxation and used for road maintenance and improvement. In 1936 it was, however, decided that the proceeds of the Road Fund should in future be included in the ordinary revenue of the country and that money for the upkeep and construction of roads should be voted by Parliament as for other services.

A certain control is exercised by the State on the public works carried out by local authorities in virtue of the powers which the central Government possesses of influencing their capital expenditure. This is done in two ways. In the first place, grants are made to local authorities under various Acts of Parliament for various purposes and these can be and are varied from time to time in accordance with the circumstances. The grants are usually spread over a long period of years and are in the form of a contribution to the loan charges of local authorities or public utility undertakings. The subsidy on housing, for example, though it amounts to as much as 47.5 per cent. of the capital expended, is payable over 40 years and represents only 2.4 per cent. of expenditure in any one year. To support their demands for grants towards housing expenses, local authorities are required in general to submit duly audited statements of their claims or of accounts in support of their claims.<sup>1</sup> Similarly, the plans submitted by local authorities for road schemes must be considered by the Ministry of Transport before grants are allotted. All applications for grants under the Development and Road Improvement Funds Acts 1909 and 1910 are examined by the Commissioners appointed under those Acts, and they veto expenditure on schemes which they consider unsuitable, amend, usually in consultation with the applicant bodies, such schemes as appear if amended to promise useful results, and recommend advances from the Fund by way of grant or loan of the sums likely to be required to give effect to the schemes they approve.<sup>2</sup>

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<sup>1</sup> UNITED KINGDOM TREASURY: *Civil Estimates, 1936*, p. 8.

<sup>2</sup> DEVELOPMENT COMMISSION: *Twenty-fifth Report of the Development Commissioners for the year ended 31 March 1935*.

In the second place, control is exercised by the stipulation that no loan may be raised for any purpose except by the medium of a local Act of Parliament or by the sanction of a Government Department, usually the Ministry of Health. As a large proportion of the works carried out by the local authorities are financed by borrowing this proviso has an important influence on the total volume of works undertaken. Whether the sanction is given by Parliament or by a Government Department the purpose for which the loan may be raised is defined, the amount of the loan is stated and a period is fixed within which the loan must be fully repaid. The sanctioning authority must take steps to satisfy itself, before granting the sanction, that the purpose in view is one to which capital expenditure is properly applicable, that the amount of the proposed expenditure is not excessive, that the period proposed for repayment is appropriate, and that the local community is strong enough to bear the burden of the loan.<sup>1</sup> In the case of trading undertakings, e.g. water supply, a statement of the additional annual income and expenditure entailed by the new proposals is generally required.<sup>2</sup>

To facilitate the raising of loans at moderate rates, a Local Loans Fund was established under the Local Loans Act of 1887. Money is raised for it by the issue of stock bearing interest at 3 per cent. either to the public or to the National Debt Commissioners as an investment for the sums received by them from time to time from the Post Office and other public departments. The primary security for the stock is the assets of the Local Loans Fund, and those assets consist ultimately of the rates due to the local authorities to whom advances have been made, or, in some cases, special property belonging to a local authority such as a dock, a harbour or a pier. In addition, the Government guarantees the interest on the stock, but since the Fund has in practice been self-supporting the Exchequer has never been called upon for a contribution. If it is found that the capital of any loan cannot be recovered and has to be written off the assets of the Fund, Parliament has to make good the loss. As a rule, the interest received from the local authorities is greater than the interest paid to holders of Local Loans Stock, including expenses, so that the Fund is run at a profit. The Fund is managed by the National Debt Commissioners but they do not themselves make the loans directly to the local authorities. For this purpose a special body, known as the Public Works Loan Board, has been established. The amount which may be advanced by the National Debt Commissioners to the Public Works Loan Board in any year is controlled by an annual Act of Parliament known as the Public Works Loans Act. During the financial year 1934-1935 the Public Works Loan Commissioners made advances amounting to £8,551,617 out of the Local Loans Fund, of which sum £5,019,781 was for the purposes of the Housing Acts.<sup>3</sup>

It is only for the smaller authorities that money is provided in this way. Big local authorities such as the councils of large cities and counties do not require to have their credit backed by a Government guarantee in order to borrow money cheaply.

<sup>1</sup> *13th Annual Report of the Ministry of Health*, Cmd 4114, p. 151.

<sup>2</sup> *11th Annual Report of the Ministry of Health*, Cmd. 3667, p. 131.

<sup>3</sup> *Sixtieth Annual Report of the Public Works Loan Board, 1934-1935*, p. 4.

The grants made by the Unemployment Grants Committee from 1920 to 1932 were in a variety of forms, which were frequently changed during the operation of the scheme. At the end of the scheme in 1932 they were being made as follows :

(1) *Loan schemes :*

(a) Revenue producing works : 25 per cent. of the interest charges for thirty years or 50 per cent. for one-third of the loan period not exceeding ten years ; in the case of rural water supply schemes, the grant amounted to 50 per cent. of the interest charges for five years and 25 per cent. for a further period of twenty-five years.

(b) Non-revenue producing works : 25 per cent. of the interest and sinking fund charges for a period not exceeding thirty years.

(2) *Wages schemes :*

50 per cent. of the wages of unemployed men taken on, provided that the grant did not exceed 25 per cent. of the whole cost of the scheme excluding land.

These grants are included in the ordinary budget of the State and the liability of the State in respect of them will not be finally discharged until 1963-1964. The total payments made to local authorities, etc., during the year 1935 in respect of grants approved by the Committee amounted to £4,408,000.<sup>1</sup>

Apart from the control exercised by the State itself on the volume of public works undertaken by local authorities at any given time, it has sought to impress upon them the necessity of co-ordinating and regulating their own programmes and the importance of systematic budgeting for capital expenditure has been repeatedly urged upon them by the Minister of Health. In his report for 1934-1935, he again emphasises this point : " There are ", he says, " far too few local authorities who appreciate that systematic and considered budgeting of capital expenditure for a number of years ahead is a necessary administrative measure for securing proper control and that in the words of a report made in 1932 by the Committee presided over by Sir William Ray 'every local authority ought to place itself in a position to appreciate the cumulative effect of the various capital commitments into which it may be proposing to enter' ".

With regard to public utilities, in September 1935 an agreement was entered into between the Government on the one hand and the London Passenger Transport Board and the main-line railways on the other for the development and extension of railway and other transport facilities in the London area. A company was set up with a capital of £160 million which borrows money to be guaranteed by the Treasury and lends it to the Transport Board for the purposes of the schemes of construction. A second scheme provides for the expenditure of £30 million loan money by the four main-line railways for construction and improvement. The Exchequer guarantees the principal and interest of the loan. Other schemes aiming at giving employment have been undertaken in the specially depressed areas. The Commissioner for the

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<sup>1</sup> *Annual Report of the Ministry of Labour, 1935, p. 27.*



Special Areas (England and Wales) has been authorised to establish and finance one or more trading estate companies, the purpose of which is to acquire suitable sites and equip them with such facilities as railway sidings, roads, power and to erect buildings suitable for letting to persons engaged in starting fresh enterprises. Further, as new companies would find it difficult to obtain the necessary finance, Parliament enacted the Special Areas Reconstruction (Agreement) Act, 1936, which authorises the Treasury to make an agreement with a company to be incorporated under the name of the Special Areas Reconstruction Association, Ltd. The Company will, among other things, afford financial facilities to persons setting up or carrying on businesses in the Special Areas who satisfy the Company that, while having reasonable expectation of ultimate success on an economic basis, they are not for the time being in a position to obtain financial facilities from banks or financial institutions.

Capital expenditure on the part of private companies is encouraged by the State under the trade facilities guarantee schemes, by which the Government has encouraged certain private enterprises to undertake work which they would otherwise have been unable to do.

In 1933, an Act was passed putting an end to the subsidy to local authorities under the Housing Act of 1924 for the provision of working-class houses and extending the provisions of the Housing Act of 1925 which enabled local authorities to guarantee advances by building societies so as to provide, with the co-operation of the Exchequer, an additional supply of finance on easy terms to builders and investors requiring it for the provision of houses to let.<sup>1</sup> The total number of houses built without State assistance during 1934-1935 was 291,983 and of these 286,050 were erected by private enterprise. These figures substantially surpass those for 1933-1934, which themselves were record figures as compared with those of any previous year since the war.<sup>2</sup> The total capital expenditure between 1919 and 1935 on subsidised housing in respect of building by private enterprise is estimated at £253 million.<sup>3</sup>

The decision of the Government to ask Parliament to continue for a further period of one year from 1 January 1936 the subsidy of £2 million made available to assist British tramp shipping under the British Shipping (Assistance) Act 1935 was announced during December 1935.

In respect of the *British Colonies*, a British Colonial Development Act was passed in 1929 providing among other things for the establishment of an Advisory Committee with power to make grants or loans to the British Colonies, protectorates and mandated territories for the development of agriculture and industry in those territories. A Colonial Development Fund was set up, consisting of an amount not exceeding £1 million a year to be voted annually by Parliament from the proceeds of taxation.

In *Greece*, an agreement signed on 27 August 1934 between the Government and the Bank of Greece provided for an advance of 600 million drachmas by the Bank for road construction. Security

<sup>1</sup> *15th Annual Report of the Ministry of Health*, Cmd. 4372, p. 141.

<sup>2</sup> *16th Annual Report of the Ministry of Health*, Cmd. 4978, p. 155.

<sup>3</sup> *Op. cit.*, p. 167.

was provided by certain special Government accounts kept by the Bank. As money flowed into these accounts, the Bank was to retain it in a special guarantee fund. The Bank was to receive a payment of 3 million drachmas as compensation for its services, paid in four annual instalments. The Bank undertook to pay out the money which was to be used to finance certain specific road schemes, but only to the extent that the payments were covered by the amount of the guarantee fund supplemented by such repayments of the advance as the Government might have made. The advance was to be redeemed by means of annual payments of 75 million drachmas.

In *Hungary* the institution set up in 1933 for creating opportunities of employment has, since 1935, undertaken the financing of public works.

In *Italy* the Government has for many years included a considerable sum of money in the annual budget amounting to about one-eighth of the total budget for works of general utility, such as ports, main railway lines, flood control, the building of canals, public buildings, etc. In ten years about 24,000 million lire were spent in this way.

Many works undertaken by provincial and municipal authorities, official bodies having a certain autonomy, and private companies and individuals, have been financed by the Social Insurance Funds in the first place, the money being ultimately obtained from the Government by means of annual payments from the budget. The sums advanced by the Social Insurance Fund and other institutions are repaid by the Government over a period of thirty years. This system of financing has been applied to the reconstruction of about 10,000 kilometres of main roads (part of the 20,000 kilometres which are under the direct control of the Government), the development and irrigation of several hundred thousand hectares of land, and the construction of working-class houses in almost all the towns in the country. These various works have amounted to about 8,000 million lire in a period of five years. Other sums have been advanced in a similar way by land mortgage banks or by special institutions authorised to borrow money on the capital market. The State railways have been authorised to issue two loans for the development of electrification.

In addition, a number of financing institutions have been created to facilitate the financing of works of various kinds. The most important of these from the point of view of the present report is the Credit Consortium for Public Works founded in 1919 with a capital of 100 million lire to make loans to provinces, communes and public works consortia against the issue of debentures. In 1926 it was empowered to extend its operations to foreign markets and to borrow money abroad. At the end of 1932 it had outstanding debentures for 2,400 million lire, of which 191 million were represented by dollar loans, and 127 million by sterling loans.

The National Labour Bank which was founded in 1913 was authorised in 1929 to extend its operations to the lending of money to local government bodies, land reclamation and irrigation consortia, and companies and persons engaged in productive activities of public interest.

The Credit Institute for Public Utilities makes loans to private concerns carrying out work, erecting plants or making alterations

needed for utilising concessions recognised as of public interest. Its services have been largely used for financing the hydro-electric and telephone industries by loans made against debentures.

The capital of these financing institutions is provided by the Banks of Naples and Sicily, the St. Paul's Institute, the Government and other banks and corporations.

Certain financing institutions have been created for the purpose of giving facilities to undertakings and private persons. Thus, for instance, the National Foundation for Small Industries has a credit section which helps handicrafts and home and village industries by means of loans, and the National Consortium for Agricultural Improvement has played an important part in the task of funding farm indebtedness and of directly financing farm improvements. Finally, reference may be made to the Italian Credit Institute and the Institute for Industrial Reconstruction which provide medium and long-term credit to business enterprises.

On hydro-electric constructions, the whole body of works carried out in the course of a number of years has been estimated at about 25,000 million lire (value in 1935), provided for the most part by private industry. State contributions have not, however, been lacking, and the expenditure which the State has actually undertaken for the construction of hydro-electric works is about 500 million lire. The subsidies granted for hydro-electric installations, thermo-electric installations and electric lines, and for the construction of artificial lakes, amount to about 100 million lire per year.

In *Japan*, at a special session of the Diet held in June 1932, it was decided : (1) to authorise an expansion of the fiduciary issue from 120 million yen to 1,000 million yen ; (2) to provide a large amount of money for Government assistance to certain local authorities and for public works ; and (3) to authorise the Minister of Finance to control all transactions in foreign currencies. The large public expenditure raised the total budget to 1,940 million yen, the highest figure ever reached in Japan, but no increased taxation was imposed, a deficit of 705 million yen being financed by loan. Of this loan expenditure, a considerable proportion was devoted to public works and other purposes designed to stimulate economic recovery. The budget for 1933-1934 was even larger than that of the preceding year and amounted to 2,309 million yen. This sum included 223 million yen for the relief of the unemployed and assistance to agriculture, and the deficit of 900 million yen was financed by a loan. In 1934, expenditure amounting to 431 million yen was provided for and of this sum 200 million yen were to be furnished by the State by way of loan to the public departments carrying out the works. Certain works are carried out by local authorities with the assistance of State subsidies. As regards the works decided on in 1934, the expenditure provided for by the Diet amounted to 431 million yen, of which 200 million were to be furnished by the State by way of loan to the public departments carrying out the works.

The method of financing relief works has varied widely during recent years. In 1927 the Government decided to make advances at low rates, out of a special fund established at the Ministry of Finance, to local authorities which undertook relief works. In 1931 the Government, faced with a position in which the volume of works must be augmented, secured from Parliament powers

to issue a loan of 22 million yen. Secondly, the Ministry of Railways contracted a loan of 12 million yen with a view to carrying out works in connection with the railways in the Tokyo region. Lastly, the Ministry of Finance placed a credit of 70 million yen at the disposal of the Ministry of Agriculture and Forestry for the financing of work which would extend the area and improve the quality of arable land.

In May 1932, economic conditions having in its opinion changed, the Government decided to abandon the system of financing public works by means of loans; but as early as September of the same year an Imperial Order restored the possibility of having recourse to loans for the financing of public works undertaken by local authorities. This Order attached the following conditions to the issue of loans: the total cost should not exceed 300,000 yen; the project should consist of road construction work, river work or the construction of drains; and the work should not be spread over a number of years.

Lastly, in 1934, the Government decided that, for an indefinite period, loans should again be allowed as a means of financing public works.

The works undertaken in 1934 were in fact financed as follows: Of the 31,247,000 yen which the execution of emergency works cost in all, 4,581,000 yen (14.6 per cent.) were met by Government subsidies, 25,063,000 yen (80.2 per cent.) by public loans, and the rest — 1,620,000 yen (5.2 per cent.) — by gifts, contributions from persons or bodies interested in the work, and other means.

In *Latvia*, an Act was passed in 1931 setting up a special Unemployment Fund. The resources of this Fund were derived from: (1) a tax on wages of State and municipal employees and of members of sickness insurance funds amounting to 1 per cent. on wages not exceeding 200 lats per month and 2 per cent. on wages above that amount; (2) a payment of 1 to 4 per cent. of the income of persons engaged in the liberal professions; (3) payments made by the owners of buildings; and (4) payments by employers equal to those made by their workers. The Fund had at its disposal about 431,000 lats from 1 January to 1 April 1932, 3,991,000 lats from 1 April 1932 to 1 April 1933, and 6,639,000 lats from 1 April 1933 to 1 April 1934. In addition to the amounts collected by the Unemployment Fund, money was also derived from the State budget for the same purpose.

In *Lithuania* an Act of 22 December 1933 set up a special fund to finance schemes to provide work for the unemployed. The administrative regulations under this Act provided that the fund should receive contributions from the employers, from works contractors and from the national and local authorities. Employers employing workers liable to sickness insurance were required to pay into the fund amounts equal to one-third of the sickness insurance contributions. Works contractors and local authorities undertaking official works had to contribute to the fund an amount equal to 1 per cent. of the value of the works, provided that it exceeded 5,000 litas, the contributions of the State and local authorities being the same as those of the employers.

In *New Zealand*, the sums expended for public works, etc., whether directly by the State or on the works of local authorities subsidised by the State, may be raised by loan or taxation.

Apart from the taxation raised for the purposes of road construction taxation is not earmarked for any special purpose.

A characteristic of recent policy is "the increasing proportion of expenditure by the Public Works Department from revenue in contradistinction to the expenditure from loan-money during the last five years. Revenue from the Main Highways Fund, unemployment tax funds, and hydro-electric revenue account in a great measure for this change. . . . Ten years ago the expenditure of loan-money by the Public Works Department represented about 89 per cent. of the cost of works, whereas in the year just passed only 32 per cent. of the Department's expenditure was from loan-money." <sup>1</sup>

Under the Local Government Loans Board Act 1926, which came into operation in 1927 all loan proposals of local authorities (except in regard to money borrowed in anticipation of revenue) require the sanction of the Local Government Loans Board. The Board consists of the Secretary to the Treasury, the Engineer-in-Chief of the Public Works Department and five other members appointed by the Governor-General. Before granting authority to any Local Body for the raising of a loan the Board may make such investigations into the purposes of the loan as it thinks fit; it may refer the application back to the local authority for modification or amendment, or may direct that the loan proposal be split up into constituent items so that the ratepayers may vote separately on each item. <sup>2</sup> "In no case may the Board sanction any application unless provision is made to its satisfaction for repayment of the loan within such period as it deems reasonable, having regard to the probable duration and continuing utility of the works on which the loan-moneys are to be expended". <sup>3</sup> Though the Local Government Loans Board seems to have been a restraining influence upon the borrowing policies of local bodies after 1926 its influence has been purely negative, and, under the Act, no means existed by which local body borrowing for public works might have been stimulated during the depression.

Under successive Supply Acts dating from 1927 the Central Government was enabled to pay subsidies to various local bodies for the relief of unemployment. Where the number of unemployed in any district was sufficient to warrant local bodies undertaking relief works, subsidies of 50 per cent. of the labour cost based on relief rates of pay were payable under certain conditions in respect of works for the relief of unemployment financed either by loan or by rates. Works which local bodies proposed to undertake for the relief of unemployment and on which they desired to obtain a subsidy from the Government had to be investigated by the local district engineer of the Public Works Department and then to secure the approval of the Minister of Public Works. During the four years 1927-1928, 1928-1929, 1929-1930 and 1930-1931, the amount of subsidies granted to local bodies for the relief of unemployment amounted to £75,000, £68,600, £117,000 and £116,800.

<sup>1</sup> *Public Works Statement*, 1935, p. iii.

<sup>2</sup> In general the consent of the ratepayers obtained at a special poll is necessary for the raising of any loan by a local authority. The main exceptions to this rule are where a loan is obtained in anticipation of revenue, or where a loan is raised for the relief of unemployment. (*Local Authorities Empowering Act*, 1926).

<sup>3</sup> *New Zealand Official Year Book*, 1928, p. 644.

With the development of depression the existing machinery was found inadequate to deal with the huge and growing volume of unemployment. Under an Act of 1931 an Unemployment Board was constituted and provided with funds derived from special unemployment taxation.<sup>1</sup> The Board instituted various schemes of relief work, the most important of which (known as Scheme No. 5) was operated in close co-operation with the local authorities.

In *Norway*, in the last few financial years, considerable sums have been allocated out of State funds to emergency undertakings: for the year 1933-1934 about 24 million kroner, for 1934-1935 about 50 million kroner, and for 1935-1936 about 75 million kroner. Of the last of these sums, only about 12 million kroner have been placed at the disposal of the Government during the year (principally for relief works on State account and for grants per day worked on communal and similar relief works), while the remainder was allocated in the budget to a variety of purposes which directly and indirectly tend to increase employment and/or alleviate the depression. Thus the ordinary credits for road construction, railway construction, telephone plant, harbour works, regulation of water-courses, land settlement, and land and forest improvement, have been increased and sums have been made available for grants for the construction of manure pits, the repair of houses for small farmers who have no forest land, and the improvement of housing conditions in country districts and fishing districts. Grants have also been made towards the acquisition of fishing tackle, boats, etc., and there has been increased State support for corn growing. Indirectly, employment has been increased by the reduction of the interest on public loans, subsidies to communes in financial difficulties, etc., for at least to some extent these set free money which can be used to provide employment for unemployed workers. Nearly all branches of employment are affected by these emergency undertakings, as also — though to only a slight extent — private industry, since grants are occasionally made if it is held that the discharge of workers can be averted by temporary assistance or if a particular commune is especially dependent on an undertaking which is threatened by the likelihood of a considerable reduction or even total suspension of work.

The position is clearer with regard to about 12 million kroner made available during 1935-1936 for special unemployment relief. This sum is used mainly for State support for communes in financial difficulties, and takes the form either of a grant towards public relief works or a subsidy to communal or other local undertakings. Of this sum, about 10 million kroner were made available during the first half of the financial year. More than half of this sum has

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<sup>1</sup> The special unemployment taxation consists of:

(a) A "poll tax" of £1 per year (at first 30s.) on all males over the age of 20.

(b) A special emergency unemployment tax levied on all incomes, wages and salaries. Levied first at the rate of 3d. in the £, the tax was raised to 1s. in the £ in 1932; reduced to 10d. in October 1934 and to 8d. in September 1935.

Until 1932 the expenditure of the Unemployment Board from its own funds was subsidised £ for £ from the Consolidated Fund. Owing to the large drain from the Consolidated Fund, consequent upon the growth of unemployment and the increasing difficulties of the Consolidated Fund itself, the subsidy was abolished and the special emergency unemployment tax increased.

been devoted to public relief works, the greater part being spent on road construction. Considerable sums have been used for the construction of small ports, especially for fishermen, and smaller amounts for the regulation of watercourses, railway work, the construction of aerodromes, etc. The next largest item under this head consists of State grants per day worked (1.50, 2.00 or 2.50 kroner according to local circumstances) on communal and similar relief works. The sum provided for this purpose is between 2 and 3 million kroner.

In addition, there are subsidies to facilitate the provision of employment and vocational training for young persons, and various other institutions.

About 60 per cent. of all the communes in the country received State assistance out of this credit for a shorter or longer period in 1935-1936. If the work provided is estimated at two million working days, this means that about 20,000 men were found work for about four months each. (In addition to this, there is the above-mentioned extraordinary work, which has cost several million kroner but cannot be calculated, even approximately, in days worked).

The Minister of Finance, in a statement on the budget estimates at the beginning of 1936, said that the Government had on the whole tried to give a greater place to public building and construction works, which it regarded as a useful means of relieving unemployment. Thus, the grant for emergency road construction was raised from 3.7 to 6.7 million kroner, and the special grant for the electrification of the railways was raised from 8 to 11.9 million kroner. Additional grants were also proposed for other purposes. In order to cover the increased expenditure, it was proposed among other things that the national debt should be raised by 18.7 million kroner, of which 16.9 million kroner were to be spent on productive works.

In *Poland*, by an Act of 16 March 1933, an Employment Fund was created for the financing of economically important works. The purpose of this Fund was to act as a working capital fund, centralising and distributing public money for all capital works undertaken by the State and the local authorities. It was constituted in the first place by means of a special tax on all wages amounting to 1 per cent., on employers amounting to 1 per cent. of the payroll, on the income of professional men and women amounting to 1 per cent. of the income, on the payments made to members of the Diet and the Senate amounting to 1 per cent. of income, and on the fees received by company directors, etc. amounting to 2 per cent. of the amount. A second source of revenue consisted of special taxes on theatre tickets, sporting performances, etc., on the sale of certain foodstuffs and other goods, and on the consumption of gas and on rents. Moreover, the district and departmental authorities had to pay each year an amount corresponding to 1 per cent. of their ordinary budget, and the Fund might accept as compensation for certain taxes in arrear payments in kind in the form of building materials, means of transport, days of work, agricultural produce, foodstuffs, fuel, textiles, etc. This Fund made loans to the State, local authorities or even private companies and individuals under certain conditions, for carrying out work. As a general rule, the loans were to cover only the cost of the labour employed, the body or the person responsible for the work being liable for the rest of the expense.

On 27 October 1933 an Investment Fund was set up under the control of the Employment Fund. This Fund obtained its money by means of an issue by the Treasury of bonds having no fixed date of redemption and bearing no interest. The Treasury had to exchange these bonds at any time for currency. They were to be issued in series and must not exceed a total amount of 100 million zlotys (40,000 bonds of 25 zlotys in each series). Each week a certain number of bonds were drawn by lot and purchased by the Government at a premium, this representing an annual charge on the budget of about 4 per cent. The money obtained in this way was placed at the disposal of the Investment Fund in the form of advances or grants and was to supplement the money which the Employment Fund already had at its disposal from other sources, thus enabling that Fund to make loans not only for the payment of wages but also for the purchase of materials. The first issue for the Investment Fund was for 10 million zlotys and that sum, together with the money at the disposal of the Employment Fund, brought the expenditure on public works in 1934-1935 to about 80 million zlotys.

In 1935 the State raised a special internal loan for the purpose of financing so-called "investment works". By virtue of an Act of 26 March 1935, the Government was authorised to issue a loan, the amount of which was not to exceed 150 million zlotys. This loan was rapidly subscribed by the public. The conditions of the loan provided for a redemption period of fifty years and interest at 3 per cent., with the addition of bonuses. The loan was issued in bonds of 100 zlotys each. With a view to facilitating the purchase of such bonds, investors were allowed to subscribe up to 50 per cent. in bonds of the national loan which had been issued in 1934. The proceeds of this loan were to be used for road works, waterways, the transformation of the agrarian system, works in the Port of Gdynia and electrification works, State buildings and works by local authorities.

Two sources of income of the Employment Fund were given up in 1935, namely, the money deducted from the receipts of local authorities and the direct contribution of the State. In order to avoid any diminution in the budget of the Fund, 20,400,000 zlotys were granted to it from the investment loan mentioned above. The most important source of receipts consists now of a special tax on workers and workshops which furnished 57.9 per cent. of the total receipts in 1933-1934, 51.5 per cent. in 1934-1935, and 48.8 per cent. in 1935-1936. In the second place come the contributions from the Treasury which in 1933-1934 were taken from the ordinary revenue of the State, in 1934-1935 partly from the ordinary revenue and partly from the issue of bonds of the Investment Fund, and in 1935-1936 partly from the issue of the said bonds and partly from the Investment Loan. This evolution of the State contribution is interesting as it shows a change-over from a system of financing based on taxes to a system of financing by loan. The proportion of the money derived from taxes shows a progressive diminution as a result of the abolition of the tax on the receipts of local authorities and of the direct contribution of the Treasury. The ratio between the receipts based on taxation and those obtained by borrowing was 100 : 0 in 1933-1934, 75.2 : 17.9 in 1934-1935, and 58 : 36.1 in 1935-1936.

At the present time, the Employment Fund makes loans and grants. At the commencement grants only represented 12 per cent. of the



total. Subsequently, their proportion considerably increased, due partly to the fact that the repayment of loans has given rise to serious difficulties. At the present time the Employment Fund gives help in the construction of productive works (such as water supply, distribution of gas, electric power stations, etc.), generally in the form of loans, while works which are not directly remunerative, such as roads, for example, are often executed with the assistance of grants. The difficult situation of the towns has, however, greatly diminished the chances of repayment of loans made by the Employment Fund. The Polish Municipal Union has requested the Fund not to require repayment of loans before the works executed by means of such loans are completely finished and in use.

A Road Fund was created by an Act of 3 February 1931. Its resources are derived from taxes on motor vehicles, motor fuels and advertisements along the roads, grants from the Treasury, fines for infringements of the Act relating to the Road Fund, etc. Apart from these regular receipts the Act authorises the Fund to contract loans. In pursuance of this authorisation the Fund has instituted a system of credit for the payment of the expenses of works entrusted to private undertakings. Thus, part of the expenses of the Fund are met by means of debt certificates issued by the Fund with the guarantee of the State. These certificates bear interest at 6 per cent. and are repayable at par within a period varying from five to ten years. This system of payment is also applicable to foreign undertakings. Between 1931 and 1935 the receipts of the Road Fund rose from 9,500,000 zlotys to 17,500,000 zlotys.

Early in 1936 the Government drafted a programme of public works to be undertaken by various authorities during the year 1936, the object being to include all emergency public expenditure in a single scheme and to establish an order of priority among the different items based on the economic interests of the country as a whole. Apart from a sum of 1 million zlotys figuring in the ordinary budget, all the expenditure to be undertaken by the State is grouped in a special estimate amounting to 223 million zlotys. Of this amount 36 millions is provided by the Employment Fund, 20 millions from the balance of the investment loan issued in 1935 and the remainder from the resources of the Social Insurance Fund, the State Pensions Fund, and other public insurance institutions. The expenditure is to be undertaken by the different Government departments, etc., as shown in the following table (in millions of zlotys):

(1) Ministry of Transport :			
(a) Railways . . . . .	60.0		
(b) Roads . . . . .	35.3		
(c) Waterways . . . . .	8.5	103.8	
(2) Post Office . . . . .		15.0	
(3) Ministry of Industry and Commerce :			
(a) Mercantile marine . . . . .	8.5		
(b) Electrification work . . . . .	1.5	10.0	
(4) Ministry of Agriculture and Land Reform . . . . .		9.5	
(5) Other Departments . . . . .		7.7	
(6) Housing . . . . .		38.0	
(7) Subsidies to local authorities . . . . .		39.0	
Total . . . . .			223.0

In order to ensure that the programme is systematically carried out and that proper contact is maintained with the financial centres of the country, it has been decided to set up a Capital Expenditure Board, which will examine the various public works' projects submitted by each Government department from the point of view of financial possibilities, and establish an order of priority. The projects will then require the approval of the Economic Committee attached to the Prime Minister's Department.

On 10 June 1936 the Minister of Finance outlined a four year public works plan intended to raise the level of economic life and alleviate unemployment. All existing resources of capital will be tapped to provide the funds necessary to finance the plan. Social insurance institutions and other public insurance funds will invest in it about 70 per cent. of the capital they have available for long-term investment and will thus supply about 500 to 600 million zlotys during the period 1936-1940. The contribution of the Employment Fund will amount to 150 to 200 million zlotys during the same period, while the State budget and various State undertakings such as the railways, the post office and the telephone service will provide about 400 million zlotys. State banking institutions will also contribute something. In addition, the Government proposes to raise about 200 to 300 million zlotys by means of an internal loan during the second half of the four-year period. This plan was inaugurated on 1 July 1936. The credits available for the first three months of the plan amounted to 86 million zlotys.

In *Sweden* the special public works programmes of 1933-1934 and 1934-1935 were financed by loan. This policy was justified by the Minister of Finance on the ground that the budget should not necessarily be balanced every year but should rather be balanced over a period of years. Even before 1933 this was the practice for, from 1927 to 1931, current revenue exceeded current expenditure, excluding self-liquidating investments, by something like 200 million kronor, while in the years 1931-1932 and 1932-1933 borrowing to finance deficits was found necessary. The change that was made in 1933 was that the temporary unbalancing of the budget was no longer considered an unfortunate consequence of events but a desirable policy aiming at the promotion of economic development.

In the budget for 1933-1934 while power was taken to raise 160 million kronor for non-self-liquidating public works, it was also decided to raise the death duties to provide for the amortisation of the loans within five years. In the following year the budget included provision for the borrowing of a further 120 million kronor for non-self-liquidating works, and the amortisation was covered by an increase in the death duties (26 millions), a new surtax on large properties and incomes (8 millions) and a stamp duty on estates (6 millions), and at the same time the redemption period was extended to 7 years.<sup>1</sup>

When the budget of 1935-1936 was presented, the economic situation of Sweden had so far improved that a big reduction in the loan expenditure was proposed and at the opening of the 1936 Session of the Riksdag it was announced that the emergency short-term loans for public works would be repaid during the year 1936-1937. The funds were to be obtained from a tax on large incomes

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<sup>1</sup> BRINLEY THOMAS : *Monetary Policy and Crises*, p. 207 et seq.

and property earmarked for the purpose (38 millions), from cash reserves (59 millions), from the Government's share holdings (12 millions) and from the motor-car tax (7 millions).

This decision to repay the loan prematurely was taken as part of the necessary preparation for a possible recurrence of economic depression. In the King's Speech at the opening of Parliament, it was stated that the business revival which had taken place had been rather uneven in the different branches of Swedish industry, and had been particularly marked in certain industries working for the home market. The emergency loans for public works amounted to a total sum of about 300 million kronor. Part of these loans, however, had been devoted to directly productive investments, and the emergency loans that demanded speedy repayment were estimated at 218 million kronor.

A public works policy of the kind described above, unless it is carried through as part of an international plan, has certain limits set by the external value of the currency and by the desire to prevent an undue rise in the cost of living. The Government recognised this and was quite prepared if necessary to increase taxation for the purpose of temporarily diminishing consumption or to reduce imports. No such measures proved necessary, however. In the second place, a public works policy can succeed only if the central bank co-operates by means of a suitable monetary policy and maintains an abundant supply of credit at a cheap rate. These conditions were, in fact, fulfilled, although for a short time in the early stages of the experiment, there was a sudden tightening tendency in the capital market which showed itself in the form of a temporary rise in the long-term rate of interest and which was due apparently to the fact that the commercial banks did not approve of the budget proposals. The upward trend in the long-term rate of interest did not last very long, however, but soon became once more a downward trend.<sup>1</sup>

In the *Union of South Africa*, works carried out by the Public Works Department are financed partly from current revenue and partly from loans, the loans being raised internally or externally according to need.

All new harbour works, replacements and renewals are financed from the railways and harbours vote authorised by Parliament each year.

The Government's forestry schemes are financed from two sources :

(a) at the older and usually the smaller plantations all expenditure is met from current revenue. The work has for some time consisted almost entirely of maintenance. Small extensions in the planted area, however, take place here and there as found desirable and possible.

(b) the newer or larger schemes, where extension on a considerable scale is going on or is in contemplation, are financed by loan. No central Government loan is raised specifically for afforestation, but the provision needed annually is made on the Estimates of Expenditure out of Loan Funds.

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<sup>1</sup> BRINLEY THOMAS, *op. cit.*, p. 209.

In the *United States* ordinary public works have been financed in several different ways. Public works undertaken by the Federal Government during the years 1920-1931 were financed from current revenue. In the fiscal years ending 30 June 1934, 1935 and 1936, the ordinary budget was supplemented by an emergency budget financed by loan. The recent history of federal financing has been summarised as follows :

“ In summary, the Federal Government borrowed to meet its deficits, and later to meet huge emergency expenditures, on the whole successfully, but not without difficulties at certain periods. The use of short-term debt was a normal outcome of the period of stress. While the nation remained on the gold standard its borrowing operations were complicated by large gold outflows to settle foreign accounts. Increasing reliance on banks as lenders not only facilitated short-term borrowing, but also involved more and more direct connections between the national debt and general monetary conditions. Finally, the financing was accomplished in the midst of persistent downward trends in general business and credit extension, in spite of open market operations, and with a series of adjustments in the tax, budget and monetary structures which had an important bearing on Treasury policy. During the months of 1933-1934 when Federal Financing was in part motivated by deliberate intention to raise prices and to stimulate business through the use of Federally-supported public works, the market continued to absorb Federal securities readily. In general, the credit of the Federal Government, measured by its ability to borrow at decreasing yields, improved from the inception of the public works policy to date ”.<sup>1</sup>

Taken as a whole, the States, counties and cities had prior to 1933 derived their construction revenues to the extent of roughly three-fifths from general funds and two-fifths from bond issues, while some cities such as New York customarily financed their outlays almost entirely from the proceeds of bond sales. The situation was similar with respect to the States. For road building, about one-half of the total funds for State highway and bridge work was derived from motor vehicle fees and gasoline tax receipts ; those for local highways and bridges were derived largely from road tax levies. Many local improvements were paid for by means of special assessments. Still another method of financing was through the imposition of charges or tolls for the use of the facilities constructed.

Under the National Industrial Recovery Act of 1933 \$980 million were allotted for non-Federal construction projects. This amount was to be spent by States, cities, counties, etc. The Federal Government was willing to make outright grants to localities up to 30 per cent. of the cost of labour and materials of approved projects and to lend the balance at 4 per cent. interest on reasonable security. Many local Governments were not in a position to meet the financial requirements laid down for loans and grants. It was often those communities whose need of Federal assistance was most acute which could not secure such aid. The weakness of their financial condition precluded additional debt.

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<sup>1</sup> GAYER : *Public Works in Prosperity and Depression*, pp. 290-291.

Since the adoption of the Emergency Relief Appropriation Act in April 1935, grants have been made up to 45 per cent. of the cost of each project, the remainder of the funds being provided either directly by the local bodies concerned or by loans from the Public Works Administration.

The present policy of the Federal Department is that instead of grants of 45 per cent. of the cost of non-Federal public works, the Government will in future reimburse municipalities, as far as possible with the 45 per cent. limitation, for every dollar spent in wages on public works which are paid to labour taken directly from relief rolls. Thus, those projects which employ a high percentage of unskilled labour will qualify for the full possible grant of 45 per cent., while those requiring a large number of skilled workers not generally found on relief rolls may qualify for a smaller grant. The remainder of the cost of the project is provided either directly by the local bodies concerned or by P.W.A. loans. Municipalities will not be required to abide by the relief labour ruling in spending their own funds on relief projects, but only in using the money given to them by P.W.A.

Applications for Federal loans are now filed with State Directors of Public Works. The contract is then executed by the Administrator of Public Works, representing the United States, and the applicant. Interest at 4 per cent. is charged on the loan. The project of a public body, approved by the Administrator, is usually financed by the purchase of the applicant's bonds by the Public Works Administration, or by the sale of bonds on the public market. The loans must be reasonably secured.

While for the most part privately owned, public utilities in some instances have also been financed by Federal funds. The Reconstruction Finance Corporation, with the approval of the Interstate Commerce Commission, is authorised to aid in the financing, reorganisation, consolidation, maintenance, or construction of railroads, but this amount may not exceed at any one time, in addition to loans and commitments made prior to the enactment of the Act, the sum of \$350 million. Loans have been made to railroads for the purpose of acquiring equipment and improving their facilities.

In *Yugoslavia* relief works are financed by special public works funds, including a National Fund for the whole country and a fund for each "banovine" or province. The resources of the National Fund are derived from the proceeds of an *ad hoc* tax on the consumption of mineral oil and cement; it also receives an annual allowance of 30 million dinars from the Minister of Finance. The allocation of grants from this fund is in the hands of the Council of Ministers, which acts on proposals made by the Minister of Public Works in agreement with the Minister of Social Policy. A quarter of the moneys of this Fund is divided among certain provinces, the remainder being reserved for other purposes. In so far as the resources of the Fund are insufficient for the execution of the public works contemplated by the authorities, the Minister of Public Works is authorised to contract loans. For the financing of the programme of public works laid down by Decree of 7 February 1935, the Minister of Finance was authorised to issue bonds to the value of 1,000 million dinars, repayable within a period of from five to ten years.

The provincial public works funds obtain part of their resources from the proceeds of a tax on the consumption of wine and spirits. The income of these funds is regarded as provincial property, and may be shared out among the districts and communes in the appropriate province only. On fulfilment of certain conditions, the provinces may also contract loans for the execution of public works. Further, they are authorised to associate together and found joint funds.

In order still further to encourage the development of public works, the Government has authorised local authorities of every sort to take such stone, sand and gravel as they require, free of charge, from land and river beds belonging to the nation.

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## CHAPTER IV

### CONCLUSIONS

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The foregoing survey of the facts indicates that there are a number of problems to be considered, which may suitably be grouped under two main heads :

1. The desirability of adopting a plan for the timing of public works and the principles on which the plan should be based ;

2. The means of ensuring the application of the plan by administrative co-ordination and appropriate methods of financing.

As regards the plan for the timing of public works, it should be remembered that the Washington Recommendation<sup>1</sup> stipulated that Governments ought to aim at *reserving* their public works for periods of unemployment. This rather condensed formula calls now for greater definition and development.

When the public authorities are guided in undertaking public works solely by their financial resources at a given moment, it inevitably happens that expenditure on these works is heaviest in years of economic upswing and declines in years of depression. The fluctuations in the employment of labour on public works thus intensify the fluctuations in employment in private undertakings, adding to the shortage of certain kinds of labour in periods of upswing and to unemployment in periods of depression. When, on the contrary, the public authorities avoid placing such orders as can be postponed without ill effects at times when private undertakings already have their hands full, they do both employers and workers a service since they thus help to make the activity of undertakings and the employment of labour more regular.

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<sup>1</sup> Recommendation (No. 1) concerning unemployment, 1919.

During the recent years of depression, few if any Governments have failed to make some effort to expand their public works so far as their resources allowed. But these resources have often been limited, or at least there has been delay in making effective use of them, owing to the fact that no plans were made before the depression set in and no money was reserved for such a contingency.

It would therefore seem desirable for the public authorities to moderate the volume of their orders in periods of prosperity so that they may the more easily speed them up in periods of unemployment. But considerable elasticity is called for in applying such a policy. On the one hand, there are many kinds of work which cannot be postponed; certain works for protection against natural catastrophes or for the promotion of public health or national safety may by their very nature have to be set on foot and no economic consideration alone can justify their postponement. On the other hand, it is sometimes urged for reasons inherent in the economic structure of a country — for example, the effort that agricultural countries have to make to improve their industrial equipment and transform their economic structure — that public works should be carried out at a steady rate of progress that is quite incompatible with the idea of slowing them down in periods of prosperity. In this case, however, it is open to question whether such a policy will not inevitably involve a slowing down for financial reasons in periods of economic depression, so that ultimately the process of transforming the economic structure of the country would not be accelerated at all.

While no objection can be raised to the considerations of urgency that may prevent the reserving of certain works for periods of depression, there may be at least some hesitation in accepting as conclusive the objection founded on the need for rapid evolution in the economic structure of certain countries. For once the matter is regarded over a number of years, covering at least the more or less usual period of an economic cycle, the question of speed in developing the public works needed for modifying the economic structure of a country no longer seems to arise. In more than one country experience has shown that, because such works were not deliberately slowed down in periods of prosperity, the authorities have been forced by financial difficulties to slow them down against their will in subsequent periods of depression. If it is assumed



that a certain volume of works both must and can be completed in, say, ten years, the question becomes one not of reducing this total volume but of timing the execution of the works in such a way that the volume of works undertaken during the lean years of the cycle may be greater rather than less than that undertaken in prosperous years.

As a matter of fact, instead of putting the question as one of systematically postponing or slowing down public works in certain periods when economic activity is great, it might equally well be put as a question of preparing during those periods programmes of "supplementary works" or "reserve works", which would be technically and financially ready for the public authorities to carry out by a special effort as soon as they felt the need of counteracting a falling-off in general business activity.

Whatever formula is adopted, its practical application must involve some form of Government co-ordination and control.

As regards co-ordination, there is no country in which State orders emanate from one Government department alone. Far from it. Besides the department directly responsible for public works, a large quantity of orders for works and supplies comes from a number of other departments, responsible for transport, communications, education, national defence, public health, colonial equipment, etc. If each of these departments is left to act by itself, it will usually be concerned primarily with its own business and will not always pay sufficient attention to national economic interests as a whole. If it is proposed to adopt a definite system of timing Government orders, allowing for necessary exceptions but irrespective of the particular department from which they emanate, co-ordination is indispensable and must be established among all the departments concerned.

This is not all. It often happens that the aggregate orders for works or supplies of local and regional public authorities and other more or less independent bodies exceed the orders of the State in volume. Consequently, the possible effects of a carefully thought-out public works policy will be seriously weakened if no account is taken of most of the orders of States, cantons, provinces, counties, communes, etc., of public utility undertakings and of any other bodies which receive Government subsidies (for house building for example). This is why, apart from the co-ordination that must be established

among the various departments of the central Government, there is the question of the Government's control over the regional and local authorities and certain other bodies. It can act first of all and with some measure of success by making recommendations. It can exert stronger pressure if the regional and local authorities and the other bodies in question are unable to issue loans without Government authorisation. In this case, however, the action of the Government is more effective in slowing down the execution of public works than in speeding it up. Government control can be even more effective, and in this connection acts in both directions, when the Government grants financial assistance in the form of subsidies or loans on specially favourable terms. But this raises the question of the method of financing public works.

The public authorities' orders for works or supplies may be paid for either out of revenue or by borrowing or by other exceptional means. It has rightly been observed<sup>1</sup> that ultimately financing out of revenue or from borrowed money usually comes to the same thing, because in most cases the interest and redemption charges on loans have to be met out of income. But this ultimate result is sometimes rather remote, and the actual date of inclusion in the national budget is one of the most essential factors to be considered when deciding how to time public works and to spread the expenditure involved. The expansion of public works and orders is as a rule needed for maintaining the demand for labour just at those times when financial resources are inadequate and it is inexpedient or impracticable to augment them by increasing taxation, so that it becomes necessary to have recourse, if possible, to borrowing.

It now appears to be the accepted view that in periods of prosperity the public authorities ought to limit their borrowing for public works to the strict minimum, whether the authority is the Government, a regional or local authority, or a public utility undertaking over which a public authority exercises some control. Moreover, the authorities ought at such times to try not only to pay off their debts as quickly as they can so as to restore their borrowing power in view of a possible later depression, but also to set by reserves to meet

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<sup>1</sup> Cf. Kurt HEINIG: "The State Budget and Public Works" in *International Labour Review*, Vol. XXXIV, No. 2, August 1936.

such a contingency. In periods of prosperity, public works ought therefore to be financed as much as possible out of current revenue.

In periods of depression, on the contrary, some recourse should be had to borrowing, which will be all the easier to justify and carry out if the principles indicated above have been scrupulously observed during the previous period. In particular, the cost of non-revenue producing works may in these conditions be met by borrowing. In other words, it would be recognised that the fundamental principle of a balanced budget, which can never be neglected without serious consequences, is not to apply year by year, any more than it has ever been thought of applying it month by month, but is to apply period by period, each period comprising a series of years of upswing and another series of years of depression, the surpluses from the former enabling the public authorities to make a greater financial effort during the latter than the diminished income from taxation would otherwise allow.

In order that the various public authorities (central Government, and regional and local authorities) may be associated as closely as possible in their policy of borrowing for public works, as regards both the issue of loans and the possible speeding up of repayment, it may be found worth while to set up a central financial body, which would benefit by the credit of the State and of the other participating authorities as a whole, and would remove the disadvantage of competition on the money market; it could thus obtain loans on the most favourable terms, and at the same time money would be cheaper even for private undertakings than would be the case if the different authorities borrowed separately without previous agreement. Such a financial body might also serve as an intermediary for all public utility undertakings and even for private undertakings (building societies, for instance) which share in carrying out a programme of carefully timed public works. Finally, it might have the duty of regulating, in accordance with the general economic interests of the country, various features of the loans to be contracted, which may be issued, according to circumstances, in the country itself or abroad and as long or short-term loans.

Finally, a public works policy of the kind indicated above must necessarily be co-ordinated with monetary policy. If a policy of borrowing for public works in periods of depression

is not to create obstacles to revival in private industry, it must be accompanied by a monetary policy aiming not at deflation (in which case the expansion of public works would itself be in contradiction with the object in view) but at a general development of economic activity, in other words, a monetary policy involving among other things the reduction of the bank rate, open market operations, measures for reducing the long-term rate of interest, etc. Hence it is clearly essential that Governments should obtain the co-operation of their central banks in their general public works policy.

## II

# CONDITIONS OF EMPLOYMENT AND OTHER PROVISIONS REGARDING LABOUR

## CHAPTER V

### THE ENGAGEMENT OF WORKERS

The planning of public works is impossible without an exact knowledge of the employment situation and its underlying tendencies. The timing of the works, the localities selected, and the choice between one scheme and another may depend first of all on the intrinsic merits of each; but the volume of available labour is also an essential factor. Only the public employment exchanges can supply exact data on the latter subject; the aid of these services as sources of information is therefore of prime importance in the preparation of a public works programme, and it becomes even more important when the works have been decided upon, and the necessary labour has to be selected and engaged.

Employment on public works is often made subject to conditions of a social nature. These do not prejudice consideration of the candidate's technical skill, which must be taken into account first of all, but they do introduce into the process of engagement certain rules of precedence dictated by the public interest. Sometimes it is national status or period of residence which gives priority, sometimes age, family responsibilities, or degree of indigence. Many of these rules are valid only in the case of relief works, but others apply even to normal public works; for it is often thought right that schemes financed by the public authorities should give work, first of all, to those who have, owing to unemployment, become a public charge. It is clear that neither the effective observation of such rules nor due respect for occupational qualifications is possible unless the workers are recruited through the public employment exchanges.

Few States have hitherto made the use of public employment exchanges compulsory in every branch of economic life, but the number of those which require that labour for public works shall be engaged through the exchanges is numerous and increasing ; in several countries the obligation holds good in respect of all such works, whether relief works or ordinary works.

In *Belgium* the schedule of conditions attached to public contracts issued in 1935 (*Cahier des charges No. 100*) requires every contractor to recruit the necessary workers at the official employment exchange nearest to the site of the works.

In *Czechoslovakia* the Government has ruled that workers for public works must be recruited exclusively through the public employment exchanges.

In *Germany* there is a general provision that all undertakings working for the Government must recruit their staffs through the public employment offices.

In *Italy* a Circular issued by the Head of the Government on 20 August 1932 states that the obligation on private employers to recruit their workers through the public employment services (Decrees of 9 December 1929) applies also to the public authorities.

There are other countries in which the regulations place this obligation on public authorities ; but apparently it is not strictly observed.

For public relief works, on the other hand, it may be said that recruiting through the public employment services is in practice compulsory in almost every country ; and by analogy this practice is spreading more and more to normal public works, particularly those carried out as part of a general employment programme.

In *Australia*, in *New South Wales*, it is provided that persons to be employed on Emergency Relief Works instituted in 1933 must be recruited from among the unemployed registered at the State labour exchanges. The same applies in *Victoria*, where it is also laid down that such persons must be *bona fide* unemployed, have resided in the State for three months, and be over 15 years of age. In *Queensland* unemployed persons wishing to be employed on relief works must fill in a form indicating their conditions of life in full, and submit this to the local police ; the latter check the statements made and then engage the unemployed (in agreement with the employment exchange), taking account of their family responsibilities.

In *Canada*, for public works started under the Public Works Construction Act, 1934, and the Supplementary Act of 1935 (which are carried out wholly in normal conditions), priority must be given to those who " if available and competent are most in need in the

locality in which the works are performed"; and preference is shown further to unemployed ex-service-men, married men, and single men with dependants.

In *China* all able-bodied males of Chinese nationality between the ages of 18 and 45 years are subject to labour conscription. Victims of natural calamities are sometimes recruited as a relief measure.

In *Denmark* preference must be given, on public works organised by the Government or by a local authority with the aid of a Government grant, to workers who are insured against unemployment and those with dependants; within this group there is priority for those who have been out of work for a long period, although they need not have exhausted their right to unemployment benefit.

In *Estonia*, all workers engaged on relief works must be recruited through the public employment exchanges. The only persons who may be so engaged, are Estonian citizens having resided for at least 12 months in the district in question and worked for at least 8 weeks during that period. Every applicant must, moreover, be able to prove that neither he nor any member of his family possesses an income sufficient to live upon. Priority is granted to unemployed persons with dependants.

In *France*, a Decree dated 26 July 1934, governs schemes forming part of the big public works programme inaugurated for the relief of unemployment in that year; contractors are obliged to make known their labour requirements to the public employment exchanges and indicate the conditions of work; they need not take on workers without the necessary skill, but they must communicate to the employment exchange within three days the name, address, trade and nationality of every worker whom they have engaged otherwise than through the exchange. The proportion of foreign workers who can be taken on must be laid down in the contract, and may not exceed 10 per cent. of the total number employed.

Under the Decree of 23 February 1935 relating to relief works in State forests, the labour employed for such work must be provided by the public employment exchanges, except for foremen and supervisors, who may be engaged direct by the Woods and Forests Conservancy Board. Under the Decree of 15 June 1935 relating to road construction work, the labour employed thereon, except for the supervisory staff, must be provided to the extent of 60 per cent. by the public employment exchanges, and at least two-thirds of the labour offered by these institutions must consist of workers trained in the occupations required for the work.

According to a Circular of the Ministry of Labour, dated 18 May 1936 and relating to works under the Marquet Plan, when an employer who has received a public contract for works to combat unemployment refuses to engage candidates submitted by the employment exchange, he must give the exchange all the necessary information concerning his reasons for so doing. If the exchange considers these reasons to be insufficient, or if it finds that the contractor has failed to fulfil his obligations in any other manner, it must at once inform the prefect, so that this official may communicate with the contractor and the local services concerned, and in the last resort with the Ministry of Labour.

In *Germany*, under Instructions issued by the Governing Body of the Institution for Employment Exchanges and Unemployment Insurance on 28 March 1928, employment on relief work can be obtained only through the public exchanges. The Instructions further indicate an order of preference. The first workers to be recruited are those who have been unemployed for long periods, and especially those who have exhausted their right to statutory benefit and are therefore dependent on emergency relief. If the work involves transfer to a different district, preference should be given to the young and the homeless; for local work, on the other hand, unemployed persons with dependants should have priority. The Decree of 28 June 1933, containing administrative regulations under the Act of 1 June of the same year for the development of employment (which concerns normal public works as well as relief works), provides as follows: the only persons who may be engaged for the work covered by the Act are unemployed persons and, in the first instance, those who have a family to support and have been unemployed for a long time; at the same time, preference is to be given to members of National-Socialist organisations or the *Stahlhelm* belonging to the occupations concerned; and at least 80 per cent. of those for whom work is thus provided must be unemployed persons in receipt of unemployment insurance benefit, emergency relief or public assistance. By a subsequent decision of the Minister of Labour, these regulations were also applied to the recruiting of unemployed workers for work under the employment development programme.

In *Great Britain* two Acts concerning public transport services — the London Passenger Transport (Agreement) Act, 1935, and the Railways (Agreement) Act, 1935, — provide that all additional labour is to be selected from workpeople submitted by the employment exchanges. Work for road and harbour construction, undertaken with the aid of subsidies from the Road Fund, must also be recruited as far as possible through the public employment exchanges. Moreover, all men engaged on the relief works which were subsidised by the Government up to 1932 had to be taken on through the local employment exchange, though men might also be nominated by the public assistance committee, and in this case information had to be furnished to the exchange. In some cases the payment of a subsidy was made conditional on the transference of a certain proportion of the men from the particularly depressed areas.

In the *British Colonies* the Colonial Development Act, 1929, stipulates that financial assistance from the Colonial Development Fund will only be accorded provided that the Secretary of State is satisfied that fair conditions of labour will be observed in the execution of all works, the cost of which is to be defrayed in whole or in part out of an advance, and in particular that no forced labour and no children under such age as may be appropriate in the circumstances, but not in any case being less than 12 years, will be employed on the works.

In the *Irish Free State* labour for works financed wholly or partly from State funds must be recruited through the local employment exchanges. Preference must be given to men in receipt of unemployment assistance allowances, and as between these men to those in receipt of the highest rates of such allowances.



In *Japan* the authorities require that at least 70 per cent. of the persons occupied on relief works should be registered at the employment exchanges and should hold workmen's books. Of the 4,258,674 persons occupied on different relief works in 1934, 1,691,954, or about 40 per cent., were recruited through the employment exchanges. If the number of persons without means occupied on these works is added to the latter figure, the combined figure amounts to 78.8 per cent. of all persons occupied.

If the site of the work is in a region where public employment exchanges are insufficiently developed, *ad hoc* placing offices may be set up to facilitate the engagement of local unemployed.

The duration of unemployment and the personal situation of the unemployed registered at the employment exchanges are taken into account when staffs for public works are engaged, so that the work may be divided fairly among the largest possible number of unemployed. Precautions are taken so as not to attract workers artificially from other regions and to avoid an exodus of workers from private undertakings.

In *New Zealand*, under the different unemployment schemes described elsewhere in this report, it was provided (1) that an unemployed person must register in order to obtain relief, and (2) that all labour taken on must be in general obtained from the local labour exchange (the post office or local unemployment committee acting in places where there is no labour exchange).

In *Poland* the economic committee attached to the Prime Minister's Department decided on 18 January 1935 that only persons recruited through the public employment exchanges should be employed on public works financed by the Employment Fund. In pursuance of this decision, all contracts entered into between the Fund and recipients of loans contain clauses making it compulsory to apply to the public employment exchanges for the engagement of workers.

In the *United States*, an emergency organisation was set up in July 1933 to deal with the selection and placing of applicants for work on public works under the National Industrial Recovery Act (N.I.R.A.) called the National Re-Employment Service, under the direction of the United States Employment Service. Lists of qualified workers were submitted by local employment agencies, but union labour was obtained through recognised union locals.

The labour provisions of the Act included clauses barring the use of convict labour and giving preference in employment to ex-service men with dependants, citizens, aliens who have declared their intention of becoming citizens and residents of the political subdivision where the work is carried on.

Under the new works programme as set out in the Emergency Relief Appropriation Act of 1935, the rules as to employment established under the N.I.R.A. do not apparently apply. Now, with the consent of the President, the Works Progress Administration prescribes rules and regulations assuring that as many as possible of the persons employed have been receiving relief. Special modifications of this rule have been permitted from time to time.

On works for which the Public Works Administration (P.W.A.) is responsible, workers are obtained either through an employment agency designated by the United States Employment Service or

through local labour unions. It is provided that opportunity for employment should be equally distributed among qualified workers who are unemployed. Under the earlier executive orders it had been required generally that 90 per cent. of all persons working on a public works project with the exception of low-cost housing and slum clearance projects should be taken from relief rolls. By Administrative Order No. 26 of 26 September 1935 it is provided that while relief workmen must be hired first, contractors are authorised to employ men outside relief rolls or pick union workmen exclusively if there are no qualified relief workers available. Non-relief labour must be obtained from the United States Employment Service on the basis of fitness, preference being given first to *bona-fide* residents of the political subdivision which shares the financing of the project, and second, to residents of the county in which the project is situated, to the extent that labour technically qualified to perform the work is available in such political subdivision and county.

No person under the age of 18 years and no one whose age or physical condition is such as to make his appointment dangerous to his health or safety, or the health or safety of others, may be employed on any works project. This does not operate against the employment of physically-handicapped persons otherwise employable, where they may be safely assigned to work they are able to perform. No person currently serving sentence in a penal or correctional institution is employed on any work project. Only one member of a family group may be employed on the works programme except as specifically authorised by the Works Progress Administrator. Except as specifically provided, workers who are qualified by training and experience to be assigned to work projects shall not be discriminated against on any grounds whatsoever.

Under the Government Contracts Act, 1936, which applies to all public contracts of a value exceeding \$10,000, the contractor may not employ any males under 16, females under 18, or any convict labour.

In so far as the Civilian Conservation Corps does public works the selection of men in these camps is the responsibility of the Department of Labour. All men, except veterans and Indians, are selected in accordance with a detailed order of preference on a State quota basis by the Department of Labour and certified to the Department of War for enrolment and mobilisation in camps.

In selecting employees for Rural Electrification Administration projects, preference is given to persons on public relief and, except with the specific authorisation of the R.E.A., at least 90 per cent. of the workers employed on projects must be taken from public relief rolls.

Only persons certified for assignment to work by the United States Employment Service or persons specifically authorised by the Rural Electrification Administration are employed on R.E.A. projects.

The Tennessee Valley Authority has established a merit system of employment and holds examinations for certain positions through the facilities of the United States Civil Service Commission. More than 14,000 persons are now employed by the Authority. Whenever additional help is needed, consideration is given to the 150,000 applications now on file.<sup>1</sup>

<sup>1</sup> 1 September 1936.

Disability, death compensation, and benefits provided by the Employees' Compensation Act are applicable to persons employed by the Government.

In Yugoslavia the regulations relating to the execution of public works, dated 23 November 1934, provide explicitly that the poorer inhabitants of the regions where public works are undertaken shall be engaged for such works before other persons. Only in exceptional circumstances, or if skilled labour is not available locally, may recourse be had, for works carried out by communal or district authorities, to such labour from other parts; and in this case skilled workers from neighbouring districts belonging to the same province have the first claim to be engaged. In the case of public works undertaken in towns, workers engaged through the employment exchanges have precedence as regards recruiting.

Another problem of importance is that of the employment of foreign workers. In a number of countries restrictions are imposed on the employment of foreigners on public works, and more especially on relief works. On the other hand, the provisions of Agreements concerning conditions of work or social assistance which provide for equality of treatment of foreigners and nationals, more particularly as regards unemployment relief, may give rise to a decrease or a suppression of the restrictions when the question of employment on public work is not excluded. In Norway, however, employment on relief works is reserved for the unemployed most in need of this assistance, and as a rule no distinction is made between nationals and foreigners if the latter have been long enough in Norway not to be covered by the Act concerning employment permits.

In *Australia* the Country Roads Board of Melbourne, Victoria, stipulates in its general conditions of contract that unnaturalised aliens shall not be employed except in cases where British labour is not available.

The general conditions of contract for public works in Western Australia contain the following clause: "The Contractor shall not, without the express permission in writing of the Executive Officer, employ, or permit to be employed, on any works in or appertaining to this Contract, any person of enemy birth, or Asiatic or African labourer; and such permission shall not be granted unless for special service or duty, and until it has been proved, to the satisfaction of the Executive Officer, that such labour is absolutely necessary for the due completion and carrying out of the works of the Contract.

"The Contractor shall not, without the express permission, in writing, of the Minister, employ, or permit to be employed on any works embodied in this Contract, any person other than British subjects.

"Any permission sought in this connection shall be by application in writing to the Minister."

In *Belgium* among the rules governing the grant by the Belgian National Emergency Fund of subsidies towards works to provide

occupation for the unemployed which are embodied in the Royal Order of 13 February 1935, it is laid down that only Belgian labour must be employed and preference given to Belgian materials and equipment.

In *France* a Decree of 15 February 1935 provides that the State subsidies granted in respect of wages paid to unemployed persons who are given work on relief works shall be granted in respect of French unemployed only. Another Decree, dated 23 February 1935, relating to relief works in State forests, states that French labour shall have priority.

Lastly, the Act of 18 August 1936 relating to the execution of a plan of large-scale public works to combat unemployment stipulates that the execution of the works must be entrusted to French undertakings employing exclusively French labour and utilising French materials and equipment. Where this is certified to be absolutely impossible exemptions may be granted by Ministerial decision only.

In *Spain* the provisions of the Act of 25 June 1935 relating to the execution of public works by public or private enterprise and the grant of subsidies to public bodies, undertakings or private persons for the execution of works such as the building of local roads, the abolition of level-crossings, the construction of silos and air ports, and the building of new premises for the public services, stipulate that alien workers shall be excluded from these works.

In *Switzerland* there is no legal provision to prevent the employment of foreigners on relief works, but in actual practice they are not so employed owing to the impossibility of giving work to all the unemployed Swiss nationals. Within the country itself, however, the tendency of certain cantons to prevent the engagement of workers from other cantons in order to relieve unemployment within their own boundaries is deprecated by the Federal Government. In a Circular dated 31 July 1936, addressed to the Cantonal Governments, it points out that such action and the analogous tendency to restrict orders for supplies to undertakings in the same canton is prejudicial to the general economic well-being of the country as a whole.

In the *United States* Instructions issued on 23 June 1936 by the Administrator of the Works Progress Administration provide that the State Works Progress Administrators shall not knowingly employ on relief projects aliens who are illegally in the United States.

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## CHAPTER VI

### HOURS OF WORK

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The question of hours on public works has been dealt with internationally in the Draft Convention which the International Labour Conference adopted in 1936. This limits hours of work in public works financed or subsidised by central Governments to an average of 40 in the week, or 42 for continuous work organised in shifts. In some countries a limitation of hours, stricter than that obtaining in other industries, had already been applied to normal public works; and relief works are frequently governed by provisions of a still more restrictive nature, concerning the number of hours to be worked in the day or of days in the week or prescribing the employment of the workers in rotation with the object of increasing the number of men to whom employment can be given.

In *Australia*, the first relief works scheme in *Queensland*, starting in May 1930, introduced a system under which periods of employment on such work alternated with periods of relief in kind (supply of foodstuffs). The period of employment on relief works was originally fixed at 12 weeks, but in March 1931 another scheme was introduced, under which the unemployed were occupied for a certain period (averaging 2.18 days) each week. In *Victoria* men upon whose earnings other persons are ordinarily dependent for support receive employment on relief works as follows: for 48 hours each week for 11 weeks if they are unable to return to their homes each night, and 44 hours each week for 8 weeks if they can return. Men upon whose earnings no other persons are ordinarily dependent for support receive 24 hours' work each week for 12 weeks if camped out, and for 8 weeks if they are able to return to their homes each night.<sup>1</sup> In *New South Wales* the emergency relief works scheme started in 1933 also introduced intermittent employment.

In *Canada* an Act respecting wages and hours of labour in relation to public works and contracts was assented to on 28 June 1935 and came into force on 1 May 1936; it provides, *inter alia*, that every contract of the Dominion Government for construction, remodelling, repair or demolition of any work shall be

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<sup>1</sup> COMMONWEALTH BUREAU OF CENSUS AND STATISTICS: *Labour Report*, 1934, No. 25.

subject to the condition that working hours may not exceed 8 in the day or 44 in the week, except in special cases approved by the Governor in Council, or emergency work for which longer hours have been authorised by the Minister. It should be noted that the Act of the same title passed in 1930 required observance of an 8-hour day but not of a 44-hour week. In the Province of *Quebec*, during 1935, a number of agreements were made compulsory under the Collective Labour Agreements Extension Act; some of these limited hours in the various branches of the building industry in conformity with regulations adopted under the Limitation of Hours of Work Act to 8 in the day and 40 in the week for skilled workers, except on public works, where the maximum is 6 in the day and 36 in the week; 2 shifts may be worked a day on important contracts in the summer months.

In *China* an 8-hour day is the principle but an extension of the working-day is generally permitted.

In *Czechoslovakia* by a decision of the Council of Ministers taken on 7 July 1933 the competent authorities were urged to include in their specifications for public works a clause concerning the 40-hour week, so as to secure the employment of the largest possible number of workers. In conformity with this decision, a circular was issued by the Minister of Public Works on 28 July 1933, relating to construction work carried out directly for the State, which prescribes that contractors must undertake not to employ their workers, in particular skilled workers, for more than 40 hours a week, provided that this does not affect either the agreed date of termination of the work or the agreed cost. The 40-hour week applies only to the workers taken on specifically for work on the site, and does not concern the staffs of undertakings which deliver the materials even when they are employed at the site. These provisions also apply to work subsidised by the Government. Further, in conformity with the decision of 7 July 1933, the grant of subsidies from the Road Fund has been made conditional on the introduction of the 40-hour week; work must be spread over 6 days in the week, with a maximum of 7 hours on any one day. Similar provisions were introduced in the supplementary general rules for the furnishing of Government supplies and the execution of Government works contracts, promulgated by Order of the Minister of Public Works on 19 May 1934; it is there provided that, if the execution of the work is affected by the weather or other natural causes, or in case of accident which threatens to delay its execution, the Minister may authorise a different arrangement of working hours, provided that not more than 160 hours are worked over a period of four weeks and that not more than one extra hour is worked on any day. The Ministry of Railways also issued regulations concerning the observance of the 40-hour week on works undertaken by or on behalf of this department. As regards emergency work subsidised under section IV of Act No. 74 of 1930 relating to productive unemployment relief, the Government grant is payable only for works carried out on the basis of a 40-hour week by a specific number of workers. The communes and regional administrative authorities (e.g. provinces, districts, etc.) have decided to follow the example of the Government in respect of public works, and to establish a 40-hour week.

In *Denmark* the Minister of Social Affairs may require a reduction of hours on relief works with a view to permitting the employment of a larger number of workers. The reduction, which must as far as possible be concentrated on 1 or 2 days in the week, may not exceed an average of 12 hours per week for any one worker, unless the employers and workers concerned agree otherwise.

In *Estonia*, under Government instructions of 1 October 1934 and an Order of the Minister of Communications of 11 September 1934, the hours of work of unemployed persons engaged on relief works are indirectly limited by the establishment of a maximum weekly wage.

In *France*, according to the schedule of specifications for public contracts annexed to the Circular of 23 February 1935, hours of work on public works carried out under the Marquet plan may in no case exceed the legal hours, nor may they exceed any smaller number which may actually be in force in similar undertakings in the locality or region which employ the majority of the workers in the occupation concerned. Further, the Circular goes on to state that the public body for which the works are carried out may desire by such works to reduce more appreciably the charges resulting from unemployment relief; with that object, it may require the contractor to employ a specified proportion of persons in receipt of such relief. Where this proportion is at least equal to 50 per cent. of the total number of workers employed on the works in question, the authority may, subject to the conditions laid down by the Decree of 9 July 1934, require the contractor to apply shorter hours of work than those normally applied locally in the occupation, so as to facilitate the employment of the greatest possible number of persons in receipt of unemployment relief. In such a case the authority must submit a proposal for a reduction of hours of work to the competent Ministers for approval. A Decree of 15 February 1935 specifies that a full statement must be submitted to the Minister of Labour for approval; this must indicate the method of rotation which it is intended to apply on the relief works for those workers in respect of whose wages the State subsidy is payable; it is added that the same person may not be so employed for more than three months in any six-month period. Lastly, the Act of 21 June 1936 concerning the 40-hour week applies to all industrial activity, including public works.

In *Germany* the Administrative Regulations under the Act of 1 June 1933 for the development of employment specified that work carried out on behalf of the Federal Government, States, municipalities, associations of communes and public corporations should be allotted only to contractors who undertook to reduce hours of work in their undertakings to 40 in the week until 30 June 1934. A Decree of 16 November 1933, though reasserting the principle of the 40-hour week, provided that longer hours might be worked if, for the majority of the workers concerned, the wages for 40 hours of work were below the rate of unemployment benefit previously drawn by them. Lastly, on 18 June 1934, the Ministers of Labour and Finance decided that the provision relating to the 40-hour week should no longer have binding force. As regards relief works, Regulations issued on 28 March 1928 provided that the period of employment should, as a rule, be limited to 3 months, and in no case exceed 6 months; but an Order issued in October 1933

empowered the competent authorities to disregard this rule and prolong the period either for certain types of work or for certain classes of persons.

In *Great Britain*, during 1935, the Commissioners for the Special Areas invited the local authorities of these areas to submit public works schemes for consideration; grants would be made for those approved. The unemployed engaged should have a short working week, with no work on Saturdays unless they were prevented from working earlier in the week owing to bad weather. Regard should be paid to local conditions, but the ordinary working day should be 8 hours, so that the maximum weekly hours of work would be 40.<sup>1</sup>

In the *Irish Free State*, according to the terms of the Agreement used on work carried out by contractors on behalf of the Commissioners of Public Works, the contractor shall "pay rates of wages and observe hours of labour not less favourable than those commonly recognised by employers and trade societies (or in the absence of such recognised wages and hours, those which in practice prevail amongst good employers) in the trade in the district where the work is carried out. Where there are no such wages and hours recognised or prevailing in the district, those recognised or prevailing in the nearest district in which the general industrial circumstances are similar shall be adopted."

In *Italy*, the national federations of employers and workers in the building industry signed an agreement on 19 November 1934, in application of the general agreement concerning the reduction of hours of work which had been concluded between the Fascist National Confederation of Industrial Workers and the corresponding Manufacturers' Confederation on the preceding 11 October.<sup>2</sup> The new stipulations, which apply to public works, among others, abolish the right, formerly allowed under Royal Decree No. 1957 of 10 September 1923, to increase hours of work up to 10 in the day and 60 in the week during four months of the year for persons employed in the open air on building, roadmaking and hydraulic work. Hours may thus never exceed 8 in the day and 48 in the week; and as the making up of time lost during the winter or owing to bad weather is no longer permitted, and as overtime is abolished save in exceptional circumstances, the practical result of the agreement is a reduction of the hours worked during the year to a number estimated as corresponding to an average of 40 in the week.

In *Japan* the Government has laid down that authorities undertaking public works should avoid requiring overtime of the unemployed engaged thereon.

In *Lithuania* unemployed persons given employment on public works which are intended for that purpose and are financed by the Public Works Fund (Act of 22 December 1933) are employed as follows: men with two or more dependants, 5 days a week; other men with dependants, 4 days; unmarried men, 3 days.

In *Luxembourg*, Orders issued at the beginning of 1934 provide for a 40-hour week on all public works taken in hand by the Government or other public authorities with a view to occupying the unemployed.

<sup>1</sup> Cf. pp. 151-152.

<sup>2</sup> The terms of this provisional agreement were made permanent in June 1935.



In *New Zealand*, on the main unemployment scheme (No. 5), labour was at first rationed, men being given so many days' work a week, the number of days being dependent upon their conjugal position. On the majority of other schemes this was impracticable, because the work was done at distances — sometimes very great distances — from the homes of the workers, who were therefore accommodated in camps, etc. Hence it was the custom for men to work continuously for some weeks and then to remain without work for a time. Thus under scheme No. 4.B it was provided that "workers, after the completion of a contract, must re-register and stand down for 14 days before they are again deemed eligible for relief".<sup>1</sup>

During 1934 and 1935 the Unemployment Board endeavoured to organise full-time employment in place of intermittent relief work or sustenance, but it was very difficult to find local bodies or Government departments willing to undertake such work even with a subsidy greater than the cost to the fund of unemployment relief. Nevertheless this policy met with some success, and at 6 July 1935 there were some 17,430 men (out of 55,600) in full-time subsidised employment on works under the control of local authorities, the Public Works Department and the Main Highways Board, or employed by gold-mining syndicates and certain secondary industries.

The hours worked on public works under the control of the Government were, until recently, about 45 a week, but an agreement concluded in April 1936 by the Minister of Public Works and the New Zealand Workers' Union (of which all employees of the Public Works Department must become members) provides for a 40-hour week "which shall consist of not more than eight hours per day, to be worked between 7.30 a.m. and 5 p.m. on each day of the week from Monday to Friday inclusive", with the exception of shifts which may be worked at any time. The agreement provides, however, that where time has been lost owing to wet weather the men may, if the majority so decide, be allowed to make it up by working an extra half-hour on each of the five working days, and also, if necessary, for four hours on Saturday morning.

No overtime is to be worked except in unavoidable cases. When camp accommodation is provided for the men and the working place is more than a mile from the camp, generous allowances are made for travelling time.

The agreement provides that workmen with not less than two months' continuous service shall be entitled to seven statutory holidays (Good Friday, Christmas Day, Labour Day, etc.). It is further provided that "workmen with at least twelve months of continuous service shall be entitled to two weeks of leave per annum in addition to the seven statutory holidays, and shall be paid for five days of the annual leave if their continuous service is under two years, and for ten of the working days of the annual leave if they have two years of continuous service to their credit".

In the *United States*, the National Industrial Recovery Act laid down that a 30-hour week should be worked as far as practicable by all persons engaged in work subsidised under the Act, except executive, administrative and supervisory staff. For work located

<sup>1</sup> *New Zealand Official Year-Book*, 1936, p. 649.

in remote places where camps were necessary for the housing and boarding of the labour employed, the 30-hour week might be replaced by a working schedule not exceeding 8 hours a day and 40 hours a week. Similar provisions were contained in the Emergency Relief and Construction Act of 21 July 1932.

It may also be noted that several of the American States enforce reduced hours for work undertaken on their behalf. In Wisconsin, for instance, the hours of persons employed on public works have been reduced to 30 in the week. The same applied to building work undertaken by the State or local authorities in California.

Under the Federal Emergency Relief Appropriation Act of 1935, the authority carrying out relief works fixes the maximum hours for all persons employed, except administrative and supervisory staff, provided such hours do not exceed 8 in the day and 40 in the month. Many exceptions have however been made in the case of persons housed in camps or employed on the construction of Government buildings, urgent conservation work, assistance work undertaken by the States and local authorities, and work carried out under the supervision of certain Federal authorities acting in collaboration. In the Tennessee Valley hours are fixed at 36 in the week for dam construction work and at 8 in the day for a 5-day week in reservoir clearance work. On rural electrification projects, hours are fixed by the authority which carries them out, but may not exceed 8 in the day and 40 in the week, save in exceptional circumstances. A 40-hour week is worked in the camps of the Civilian Conservation Corps. In work undertaken with the special object of occupying young persons, hours may not exceed a third of those worked, in the same State, by adults on works undertaken under the National Industrial Recovery Act; in no case may such hours exceed 46 or be inferior to 36 in the month. Lastly, for road work, the President is authorised to fix in advance the hours to be adopted; these may differ for the different groups of workers (unskilled, intermediate and skilled).

The Government Contracts Act 1936 provides that on all public contracts of a value exceeding \$10,000 contractors shall observe the 8-hour day and the 40-hour week.

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## CHAPTER VII

### WAGES

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In normal circumstances there is no difference between the wages paid in private employment and those paid in work undertaken for the public authorities. It would indeed be difficult if not impossible to make such a distinction, for public works are most often entrusted to private contractors who do not work exclusively for the authorities. Therefore, though the rules and conditions under which public contracts are allotted usually prescribe the wage rates in precise terms, the object of the public body concerned in so doing is not to establish special remuneration for public works but to remind contractors of the wages which must be paid under collective agreements or in virtue of custom.

There have, however, been many exceptions to this rule, since, owing to the depression, the allotment of public contracts has come to be regarded not as a normal feature of administration, but as a means of achieving two new objects : the rescue from enforced idleness of at least part of the great mass of unemployed, and the simultaneous lessening of the charge on the unemployment relief funds. Many public works became in reality relief works, on which the unemployed were occupied at low wages despite the resistance of the trade unions to any worsening of conditions of employment.

By means of such relief work, Governments strove to end the demoralisation which threatened the numbers of unemployed suffering from prolonged inactivity and to satisfy the craving for work which was becoming, particularly among the younger generation, harder and harder to deny. It would no doubt have been preferable to find for these victims of enforced idleness normal work at normal wages ; but the shortage of funds in relation to the number of unemployed compelled the authorities in many cases to pay rates considerably lower than the normal, amounting even, in exceptional instances, to a mere allowance.

This was not all. Lack of funds often prevented public bodies from undertaking schemes which, with a larger amount of capital invested and more adequate equipment, would have shown a normal level of productivity and so enabled normal wages to be paid.

In some countries particularly hard hit by the depression, it was decided to accept the new situation and make the best of it. Unable to give the unemployed work capable of putting their labour to full profit, Governments thought it better to use that labour in the community's interest — even at work which would probably have been regarded as uneconomic in normal times — than to waste it altogether. Moreover, the presence of mass unemployment has sometimes even been regarded as an opportunity for the cheap development of a State's resources, and attempts have been made to use labour paid at subsistence rates as a means of increasing the national output for purposes of economic autarky.

Clearly, to occupy the unemployed with work aimed principally at combating the psychological effects of enforced idleness — work in which the workers' productivity is more or less reduced owing to insufficient capital expenditure — is just the opposite of a planned public works policy; for the latter aims at the more regular employment, that is at *increasing* the productivity, of the different factors of production.

The policy of occupying the unemployed in conditions inferior to those normally in force, which has been adopted for certain types of work in some of the big national employment schemes, had a precedent in the relief works organised by some countries even before the depression began with the aid of the unemployment funds. The adoption for such work of lower wage rates than the normal was usually based on the argument that the resulting difference would be an incentive to the unemployed who received this "productive assistance" to be active in looking for normal employment. But such an argument could obviously hold good only at a time when private industry was actually capable, within a reasonable period, of re-engaging the persons provisionally occupied on relief works. Moreover, in so far as the payment of lower wages was based on the reduced productivity of the workers, the normal rates were being not so much suspended as adapted to the changed conditions.

Relief works financed or subsidised by the unemployment funds, the rules of which provide for wages lower than those ordinarily paid for the same type of work, have frequently been incorporated in the big employment schemes, of which they form a more or less important part; and the payment of low wages has sometimes spread from the relief works to other parts of the general programme.

It should be noted, however, that in certain countries the authorities have made a point when drafting their public works programmes of providing that wage rates must in all cases be those in force in private industry, even when the principal object of the scheme is to reduce unemployment. It is indeed of the greatest importance to remember that public works may help to reduce unemployment, not only through the additional demand for labour on the actual works themselves, but also through their stimulating effect on the whole economic system — an effect which is greater, the greater the volume of wages put into circulation.

In *Australia*, the rate of remuneration of the unemployed occupied on relief works in *Victoria* is as a rule the lowest base wage presented in the Australian Workers' Union (Construction) Award of 1929, viz. 11s. per day plus the prescribed margins for work requiring more than ordinary skill. In *New South Wales* the wages paid on relief works vary with family responsibilities, an unmarried man earning £1 3s. 11d. a fortnight and a married man with seven children £4 8s. 10d. (there is a corresponding variation in the number of hours' work required of the men in question — from 14 in the fortnight for an unmarried man to 52 for a married man with seven children).

In the State of *Queensland*, under the "rotational" relief works scheme, unemployed persons are provided with full-time work at award rates for specified periods. Under the "intermittent" relief works scheme a certain amount of work is provided each week varying in length and payment with family responsibilities; the period of work and the amount paid range from 1 day a week for a single man for which 13s. 6d. is paid to 5 days a week for a man with a wife and eleven children for which £3 14s. 6d. is paid.

In certain States it is laid down in contracts for certain classes of work that award rates of wages shall be paid or the current rate for similar work at the place of employment. For instance, in the labour contract for earthwork of the Victorian Railways it is stated that "in all classes of labour the rates, hours and conditions as set out in awards of the Commonwealth Court of Conciliation and Arbitration or in determinations of the State Wages Boards governing the work are to be adhered to", and in the general conditions of contract of the Main Roads Board of Western Australia it is laid down that "all persons employed by the contractor on daily wages in the performance of any of the works herein referred to shall be

paid by the contractor at the current rate of wages and on the conditions applicable to the trade at the place where they are so employed”.

In *South Australia*, the Industrial Board, constituted under the Industrial Acts 1920-1925, has laid down special conditions for the employment of men engaged in the construction of railways, roads, bridges, reservoirs and other Government construction work. The minimum wage to be paid to adult employees (other than those employed in the Highways and Local Government Department) is 11s. per day plus specified supplementary allowances up to a maximum of 4s. 11d. per day. Hours of work are fixed at 48 per week with certain exceptions and special rates are to be paid for overtime and Sunday work. In addition, the Minister of Industry and Employment has laid down further conditions relating to such matters as payment for the time taken to reach the place where the work is situated, for work in “wet” places, the refund of fares when an employee is engaged through a Government labour exchange at a distance from the place of employment, the provision of tools free of charge, camp allowances and equipment, etc.

In *Austria* earnings on works organised with the aid of the Unemployment Fund must be kept within such limits as not to cause an inrush of workers from other occupations.

A circular of the Ministry of Social Administration dated 10 August 1936 gives the following instruction to offices and institutions dependent on the Ministry but competent to allot public works contracts: if it is impossible to allot such contracts to persons who have already concluded arrangements with the Federal Government, the authorities should ascertain before deciding, that the contractors observe the provisions of social legislation, and that they pay the wage rates stipulated in collective agreements or, failing such agreements, those customary in the locality.

In *Belgium* the specifications (*Cahier des charges*, No. 100 of 1935) for public contracts allotted to private undertakings prescribe the minimum hourly wage rates to be paid by the employer to each group of workers. These rates, which vary from region to region, are revised once a quarter on the basis of the official retail price index. If in the case of work taking considerable time to execute the minimum rates rise, the Government refunds the difference to the employer; if they fall, the employer reimburses the State. The unemployment insurance regulations provide that unemployed workers engaged for public works by the provinces, communes or public assistance boards must receive wages at least equal to the normal rates payable for such work, according to the most recent scale drawn up by the local Appeal Board with a view to determining the maximum unemployment benefit. The National Employment and Unemployment Office contributes a lump sum, varying from Fr. 1 to Fr. 1.50 an hour, to the wages of insured workers engaged through it for such work (Royal Order of 30 March 1936).

In *Canada* an Act respecting fair wages and hours of labour in relation to public works and contracts was assented to on 28 June 1935. Under it, “fair wages” mean such wages as are generally accepted as current for competent workers in the district, and it is laid down that wages “shall in all cases be fair and reasonable”.

By this Act, which came into force on 1 May 1936, every Government of Canada contract for construction, remodelling, repair or demolition of any work is subject to the above provisions. The measure follows on a similar Act of 1930.

In *China* a large number of workers on public works have been paid in kind through a stock of wheat provided by the United States as a loan for carrying out certain works. In dyke building and highway construction the average daily wage of a worker is less than 30 c. Mex., and sometimes no wage is paid, but the workers are boarded.

In *Czechoslovakia* the Government has ruled that the wage rates stipulated in collective agreements must be strictly respected both on relief works and on normal public works.

In *Estonia* the wages of the workers engaged on public works are fixed at a rate considerably lower than those applying to private employment. Under an Instruction of 13 December 1933, these wages may not exceed 0.90-1.10 crowns a day, according to the district, plus a supplement of 0.10 crowns per day in respect of each child under 16 years of age.

In *Finland*, workers employed on " reserve works " receive local supplements and family allowances in addition to their wages. The local supplement is paid if the reserve works are situated in a place where lower wages are paid than in the place where the unemployed person resides. It is paid to all workers with family responsibilities independently of the number of children, and its amount is equal to the difference between the wages paid in the place of residence of the worker and those paid in the place where the works are situated. If the worker has two or more dependent children he may, if the local authorities so decide, receive a family supplement of a maximum amount equal to the difference between the wages paid for reserve works in the place in question and those paid in ordinary employment.

In *France*, according to a Decree of 9 July 1934, the wages of workers employed under the big public works scheme may not be less than those current in the trade or occupation in the district where the work is carried out and this current rate must be specified in the contract and posted up at the site of the work or in the workshops. In addition, the authority responsible for the work is entitled, if the wage paid to a worker is smaller than the current wage, to pay the difference to the worker concerned and deduct the amount from the sums due to the contractor or deposited by him as a guarantee. It is a condition in all public contracts (cf. Schedule annexed to the Circular of 23 February 1935) that, in the case of a worker whose physique places him in a position of manifest inferiority to workers of average capacity in the same category, an hourly wage lower than the normal may be paid by way of exception. The proportion of such workers to all workers of the same category must not exceed a specified percentage, and the maximum proportion by which their wages may be reduced is also fixed. In this connection the Circular of 23 February 1935 stipulates that the insertion of the reference to physique in the Decrees of 10 August 1899 — which continue to govern conditions of employment under contracts concluded with public authorities — was intended to

prevent old workers, young persons, and in general workers in a position of manifest inferiority from being absolutely debarred from employment; whereas, as regards the plan of large-scale works for combating unemployment, there is, in addition to this, a desire not to eliminate from such works unemployed men belonging to occupations other than those directly concerned in the plan; for during the period of adaptation to their new employment, such men may be unable to do work of equal value to that of workers belonging to the occupation.

On relief works too, states the Decree of 15 February 1935, the wages of unemployed persons given work in their own occupations must be equal to those of workers normally employed at the same work in the neighbourhood. Further, a detailed statement, which must be submitted for approval to the Minister of Labour, must indicate the rate of daily and piece wages paid to workers belonging to trades or occupations other than those in which they are to be given work.

In *Germany* it was provided under the employment programme of June 1933 that certain categories of work might, or even should, be considered as relief work. These included land improvement, the regulation of water-courses, work on water, gas and electricity supply schemes, and afforestation. Under the same programme, there were also special rules for the unemployed engaged on work classified as "earthworks for communes or groups of communes"; they were to receive the normal unemployment benefit, together with vouchers from the Government to a value of 25 RM. for each four weeks' work, and one hot meal daily (or its equivalent in cash) provided by the authority for which the work was undertaken.

Moreover, the unemployment insurance regulations provide that an unemployed person taken on for relief work subsidised by the Unemployment Fund may be paid at a rate lower than that determined by collective agreement or custom, if the Labour Office so decides.

In *Great Britain*, all Government contracts embody the Fair Wages Clause. This clause stipulates that "the contractors shall . . . pay rates of wages and observe hours of labour not less favourable than those commonly recognised by employers and trade societies. . . in the trade in the district where the work is carried out. Where there are no such wages and hours recognised or prevailing in the district, those recognised or prevailing in the nearest district in which the general industrial circumstances are similar shall be adopted." Except in the case of contracts carried out with the aid of special grants or assistance from the Government, local authorities are free to make their own conditions of contract. They have, however, been recommended to adopt Fair Wages Clauses on the lines of those inserted in Government contracts and many local authorities have adopted Fair Wages Clauses of their own. It is usually a condition of grant to local authorities carrying out special works or schemes with the assistance of the Government that any contracts shall contain a Fair Wages Clause as applicable to Government contracts, as for example in the Housing Acts of 1924 and 1930. It is also usual to require the inclusion of a Fair Wages Clause in contracts for works carried out by other public bodies with financial assistance from the State, as, for example, in the two railway development schemes initiated in 1935.



As regards subsidised relief works, special rates of wages were not paid to men engaged on these works except during a short period in 1923. Under the regulations then in force the rate of wages for unskilled labourers for a probationary period of six months was not to exceed 75 per cent. of the local authority's lowest rate for unskilled labour for the particular class of work undertaken. This system was abolished in 1924. Thereafter it was laid down that where the local authority undertook the work by direct labour the rate of wages was not to exceed the recognised district rate. Where the work was to be carried out by contract, the contract had to include the Fair Wages Clause as inserted in Government contracts.

In the *Irish Free State* hours of labour must in general be those normally in force in the trade and in the district concerned.<sup>1</sup>

In *Italy* wages on all types of public works must be those prescribed in the collective agreements drawn up by the competent corporative bodies.

In *Japan* the wages of workers engaged on public works are lower than the rates ordinarily obtaining in the region. The Government requires that wages be paid directly to the workers, so as to exclude any interference by middlemen.

In *New Zealand*, of the 17,430 men who were in permanent subsidised employment on 6 July 1935 (see above, chapter on "Hours of Work" about 8,330 or almost half were receiving standard rates of pay. Under the different unemployment schemes wages were on a relief basis, but provision was made that, where the work would normally have been done by skilled labour under award rates, those rates must be paid.

The policy of the Labour Government, which took office early in 1936, is to pay standard rates to all employees of the Public Works Department, and to abolish relief scales of pay on works undertaken to give work to the unemployed. The new agreement concluded between the Minister of Public Works and the New Zealand Workers' Union provides for substantial increases in pay, paid holidays, and payment fortnightly instead of monthly, as was previously the case.

In *Norway*, a Circular of the Ministry of Social Affairs dated 23 July 1935 provides that the wages paid on relief works organised for unemployed persons in the greatest need should be slightly lower than normal wages.

In *Poland* the wage rates of workers employed on public works financed by the Employment Fund are fixed by the Fund's departmental committees in accordance with the recommendations of the Ministry of Social Welfare. Rates for skilled workers occupied on such work in their own occupation and for unskilled workers must correspond to the average rates paid respectively to skilled workers of the same category employed in private industry in the region and to unskilled industrial workers. When employing workers at a distance from their homes, the recipient of a loan from the Employment Fund must provide such workers at its own expense with suitable camp accommodation and must organise transport from their homes to the workplace and back.

<sup>1</sup> Cf. p. 143.

Under contracts concluded between the Employment Fund and the recipients of loans, the Fund is authorised to exercise supervision over the workers and to fix wage rates.

The normal daily wage is 3 zlotys for unskilled workers, 4 zlotys for skilled workers, 5 zlotys for supervisory staff. These rates may be increased by 1 zloty in localities where the cost of living is exceptionally high. They are to some extent regarded as minimum rates imposed by the Employment Fund, and it is on their basis that the Fund calculates the subsidies to be granted. The recipient of the loan may allow higher rates, paying the difference itself; this sometimes occurs when the work is undertaken by a Government department, large municipality, etc., but the small local authorities usually pay the bare minima.

The wages paid to workers thus vary with two factors — the cost of living in the different parts of the country, and the authority in receipt of the loan; on the other hand, they do not vary with the nature of the work done (ordinary public works and relief works).

In pursuance of a decision of the Economic Committee attached to the Prime Minister's Department, dated 8 June 1935, workers engaged on public works in 1935 received a sixth of their wages in kind (bread or flour).

In *Spain*, under an Act of 7 July 1934, payment for workers engaged on public works organised to occupy the unemployed must not be lower than the minimum wages fixed by the competent joint labour boards.

In *Sweden* the Government has, since the 1920-1921 depression, granted subsidies for what are known as "reserve works". The wages paid on such works must not exceed the lowest wages for unskilled labour at the place where the work is carried out. In the autumn of 1932, however, the Government decided that, in order to reduce unemployment, it would itself undertake large-scale public works, and encourage others by granting loans and subsidies. Only some of these works were to be treated as reserve work, while the greater part were to be carried out under normal conditions, with normal wages for the unemployed persons engaged thereon. It may be roughly estimated that two-thirds of the unemployed engaged on public works are working under normal conditions and that the special wage rates apply only to about one-third. In May 1934 the average daily wage of workers engaged on reserve works was estimated at 4.42 crowns. In addition, lodging is provided free of charge.

In the *United States* the rule adopted for the public works subsidised under the National Industrial Recovery Act of 1933 (which, with supplementary credits voted in 1934, allocated nearly 4,000 million dollars to the provision of employment) was to pay workers at the wage rate prevalent in the locality. The situation under the second programme, approved in 1935, which opened further credits of nearly 5,000 million dollars with the object of finding work for 3,500,000 unemployed then on the relief rolls, was different: most of these projects were of the relief work type, and provision was made for the wages to differ from those stipulated in collective agreements. This applied in particular to the projects undertaken by the Works Progress Administration, which it was estimated could be started rapidly and on which the ratio of wages

to total expenditure was high. The WPA intended to provide employment at an average annual cost of 850 dollars per man ; and except for special authorisation 90 per cent. of the men were to be taken from relief rolls. On projects undertaken by the Public Works Administration, on the other hand, whether under the programme of 1933 or that of 1935, employers were required to pay the wages prevalent in the locality. The so-called " security wage " paid by the Works Progress Administration was under the prevalent rates, and aroused determined resistance on the part of the workers' organisations, some of which went on strike. A compromise was eventually found, under which the monthly wages of the unemployed occupied on WPA. projects were not to exceed the " security wage " fixed by that body, but the hours of work might be reduced so as to bring hourly wage-rates into conformity with the normal.

The monthly earnings applicable to part-time employment of young persons on work projects do not exceed 50 per cent. of the schedule of monthly earnings established by the WPA.

Works Progress Administration regulations provide that workers who receive board and lodging without expense to themselves may have a reasonable charge not exceeding \$15 a month deducted from monthly earnings. Transportation costs to remote projects are to be assumed by the sponsor or charged to the cost of the project and should not be borne by the relief labour.

The Government Contracts Act 1936 provides that contractors shall not pay less than the prevailing rates of wages.

In *Yugoslavia* all workers employed on public works must be paid at current rates.

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## CHAPTER VIII

### OTHER PROVISIONS RELATING TO LABOUR

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During the depression there has been a marked tendency in many countries for considerations of efficiency on public works and unemployment schemes to be subordinated to that of giving direct employment to as many workmen as possible. The capacity to provide jobs has been one of the criteria observed by Governments and local authorities in their choice of public works, and has indeed, in many instances been a condition governing the grant of a Government subsidy to enable works to be put in hand. This desire to provide employment for the greatest number of unemployed persons has led to measures being adopted in a number of countries to restrict the use of machinery and as far as possible to substitute manual labour. A further reason for this policy, more particularly in relation to relief works, was given by a New Zealand economist who stated that under one of the New Zealand relief work schemes the services of the unemployed are provided without charge, because the wages are paid by the Unemployment Board and as a general rule only supervision costs, costs and materials, etc., are met by the local body. "Clearly", he says, "if labour is free while machinery costs money the employing body is under a constant temptation to use human labour. Often such a policy is justifiable but it would probably be reasonable to say that the policy of the (Unemployment) Board itself must unwittingly be shaped so as to favour more laborious ways of doing work. Suppose with its limited funds one application for a grant shows that 50 men will be employed for a given period while another application from the other end of the country happens to promise jobs to 200 men for the same cost, and suppose further that the two jobs are likely to create the same value inevitably an "Unemployment" Board must favour the latter. Thus by a process of selection in allocating its funds the Board would encourage less economical methods."<sup>1</sup>

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<sup>1</sup> BELSHAW, J.P. "Post-war Unemployment and Unemployment Policy in New Zealand", *Economic Record*, June 1933.

It will be for the Conference to decide whether the policy of restricting the use of machinery is a desirable one, or whether on the contrary this policy should not be followed, on the grounds that the real value of public works lies not so much in giving employment of a more-or-less unskilled nature to the largest possible number of men but in providing employment of varying kinds to men in their own trades, and that the substitution of manual labour for machinery inevitably results in less indirect employment being given. It is significant that in both Belgium and New Zealand, as will be seen below, the policy has been definitely condemned by the present Ministers of Public Works.

In *Belgium*, according to a statement forwarded to the Minister of Labour by the Minister of Public Works on 9 April 1935, efforts were being made to substitute manual labour for machinery in the execution of public works with a view to employing the largest possible number of workers. The statement points out that this involves a much heavier expenditure and cites a number of examples in support of this argument. The Minister of Public Works states that if the work were carried out by manual labour some thousands of man-days would be gained, but on the other hand a large number of man-days would be lost by the workers required for the construction, repair and maintenance of machinery. He adds that the slow and laborious nature of work done by hand should also be taken into account.

In *China* machinery is seldom used in public works except in hydraulic works.

In *Czechoslovakia*, the Government has issued regulations restricting the use of machinery on all works undertaken or financed by the State.

In *Germany*, a Decree of 28 June 1933 provided that machines and other mechanical methods of work must not be employed unless absolutely indispensable or if the cost of the work would be unduly high were machines not used.

In the *Irish Free State*, on works financed wholly or partly from State funds, machinery is only used when necessary, hand labour being used and encouraged to the fullest extent practicable.

In *Italy*, in a circular addressed by the Minister of Public Works to his chiefs dated 15 March 1933, it was pointed out that in order to increase opportunities for employment mechanical implements should only be used on public works where the technical character of the work so required.

In *New Zealand*, where until recently the tendency for machinery to be displaced by labour has been evident, the present Minister of Public Works commented on the "lamentable" lack of tools and stated that large orders for machinery had been placed. He emphasised the necessity of modern equipment so that "the work can be done as quickly as possible and at least cost".

In the *United States* the Assistant-Administrator of the Works Progress Administration stated on 7 May 1936 that since the aim of the administration was to provide work it did not use labour-saving machinery to the same extent as a contractor would use it.

“ \* \* ”

Mention may here be made of an unusual method of carrying out public works which has been in operation in New Zealand since the early nineties of last century, called the “ Co-operative Contract System ”, and of an interesting experiment on apparently somewhat similar lines which is being tried in Poland consisting in the organisation of unemployed persons engaged in public works in “ labour co-operative societies ”.

In *New Zealand*, when public work (roads, railways, etc.) is to be undertaken on the co-operative contract system, the work to be done is divided into sections, the size of which depends upon the difficulty of the work to be done. Plans and specifications are drawn up for the work concerned and given (and, if necessary, explained) to the co-operative party of workmen, who are supplied by the Public Works Department with materials, explosives, etc., at cost price. Prices in the co-operative contract system are fixed for such quantities as will permit a workman of average quality to earn a daily wage equal to the Public Works current rate of pay on time wages. “ The work done by the men is measured periodically and full payment made to the party, who divide the money amongst themselves according to the time worked by each workman. The engineer in charge of the work has a certain amount of discretion and control in respect of the character of the men employed, the progress of the work, hours of labour, etc. ”<sup>1</sup>

The constitution of the party is left to the men themselves, and they have the power, subject to the approval of the engineer in charge, of voting out any member proved undesirable, inefficient or lazy. It has been stated that “ with workmen of the intelligence and integrity common in New Zealand, such a system calls forth extraordinarily good results. With capable guidance from skilled engineers in the public service there can be no reasonable doubt that it has greatly cheapened the cost of constructing essential public works, while at the same time giving employment at better wages under much more favourable and more dignified conditions.”<sup>2</sup>

In *Poland*, the organisation of unemployed persons engaged in public works in labour co-operative societies is extending in the employment centres for young unemployed persons, which are gradually being converted into labour co-operative societies. Apart from these centres, two groups of unemployed persons who had been engaged in public works in Warsaw decided to create a co-operative society called “ Effort ”, which entered into close contact

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<sup>1</sup> *New Zealand Official Year-Book*, 1928, p. 892.

<sup>2</sup> CONDLIFFE, *New Zealand in the Making*.

with a co-operative society of engineers (" technical group ") and with the Employment Fund for the execution of excavation works. This co-operative society has been entrusted with the execution of certain works undertaken in Warsaw by the military authorities and financed by the Employment Fund.

Reference may also be made to special provisions in French legislation concerning the participation of co-operative societies of workers and handicraftsmen in the carrying out of public works.

In *France*, as a rule, the workers' associations, and particularly the workers' co-operative producing societies<sup>1</sup> are permitted to tender for State contracts under conditions defined by the Decree of 1 October 1931. Further, an Act of 17 January 1935 provides that craftsmen's and artists' co-operative societies shall receive part of the work issued under formal and informal contracts by the Government, the Departments, the communes, and public welfare and assistance institutions. For this object, and to cover the risk of spoiled work, a guarantee fund must be set up by the co-operative bodies concerned. A Decree of 13 August 1936 provides for the administration of this Act and states in particular that the craftsmen's co-operative societies need not make a long-term deposit when the cost of the work or of the materials for which the contract is issued does not exceed 20,000 francs.

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<sup>1</sup> See above, pp. 76-78, for the facilities granted in case of work carried out by means of loans from federations of craftsmen's co-operative building societies (Decree of 30 October 1935).

## CHAPTER IX

### CONCLUSIONS

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The above chapters give a considerable amount of information on the methods of engaging workers for public works, the remuneration of the workers, their hours of labour and other provisions of a social character, such as restrictions on the use of machinery and co-operative systems of working. Measures on most of these points have been adopted in a large number of countries and are often very detailed and from the survey which has been given certain conclusions can be drawn.

It is important in this connection to make a distinction between normal public works and relief works for, while some of the measures referred to are applied on all works, others are applied only on what are known as relief works. It may be asked: What is meant by relief works? And it is not easy to give an answer, for the definition varies from country to country. In a previous study<sup>1</sup> the Office referred to this question and suggested that all works carried out under ordinary conditions of employment, that is to say, the engagement of workers primarily because of their fitness for the job and not because they happen to be unemployed, payment of the customary wages for the work and in the district concerned, and discharges only for inefficiency or the conclusion of the job to the exclusion of rotation systems, should be considered as normal public works, and that all other works on which special conditions of employment are applied should be considered as relief works. The Office report added that generally speaking it would appear possible to say that relief works in this sense are undesirable and have more disadvantages than advantages. On the other hand, relief works are often organised as an alternative to cash relief, and the main argument used to support such works is that they prevent the demoralisation of the workers. The above definitions, however, would not be universally accepted, and it does not appear

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<sup>1</sup> INTERNATIONAL LABOUR OFFICE: *Unemployment and Public Works*, 1931, p. 107.



possible to attempt to formulate any international definition of normal public works and relief works respectively. It must be left to each country to define these terms as it thinks best.

With regard to the engagement of workers, it is customary in all countries to obtain the labour required for relief works from the public employment exchanges. Moreover, in a number of countries public authorities and bodies in receipt of subsidies from the Government are under an obligation to apply to the exchanges for the workers they need even on normal public works. The desirability of inserting a paragraph in the international regulations recommending the generalisation of this practice for all public works is a question which the Conference will certainly wish to consider. The usual arguments put forward in favour of using the exchanges for the engagement of labour in general are greatly strengthened in the case of public works, for, in addition to the disadvantages of workers tramping from place to place in search of employment and the abuses that may arise from engagements at the gate, there is a real danger that workers will proceed in large numbers to any place where it is known that public works are being put in hand, thus involving great hardships for the workmen in question and disorganisation in the local employment market. The public employment exchanges are in the best position to survey the whole situation and to supply the labour required, and if there is a shortage of particular categories of skilled workers in the locality where the works are located they can, through the clearing-house system, obtain such workers from other places. It may be added that another advantage of engagements through the exchanges is that the latter can, if necessary, take steps to prevent considerable numbers of workmen from leaving the private employment they are in to take jobs on public works and thus creating difficulties in private industry. It must not be overlooked that the use of public works as a method of evening out industrial fluctuations can succeed only if they do not hinder private industry from expanding.

What are the criteria by which the employment exchanges should recruit the labour required? The first is clearly that the worker possesses the training and experience necessary for the job in question. On relief works, however, a departure is sometimes made from this rule and men are taken on for work with which they have not been familiar in the past,

there being no employment available in their own occupation. In such a case the efficiency of the work is bound to suffer, but it is argued that only in that way can such workers be prevented from remaining idle for long periods and becoming demoralised.

The second criterion is the nationality of the workers. Regulations are frequently adopted that only nationals of the country concerned should be employed on public works, and such regulations are even more common on relief works. No doubt, precautions need to be taken to stop workers from migrating from one country to another to take employment on public works unless, of course, there is a shortage of particular types of labour in the country concerned, but, on the other hand, if foreigners have been admitted to the country and after a period of employment lasting a considerable time they become unemployed, there does not seem to be any good reason for excluding them from employment on public works.

There are certain other criteria which are frequently applied, mainly on relief works. Thus, the choice of workers may be confined to those who are unemployed and priority may be given to those who have been unemployed for the longest period or who have heavy family responsibilities, even though they may not be the most highly qualified workers from the point of view of skill and experience.

With regard to remuneration, it is the rule in all countries that on normal public works the usual rates of wages as laid down by award or collective agreements or custom are paid. If the work is carried out by contractors a clause to this effect is inserted in the contract. On relief works the situation is quite different. As already explained in the introduction to Chapter II, wages on relief works are frequently less than the normal, and in the case of young men in special employment centres the pay may be merely a nominal amount, being considered not as wages but as relief. So far as these centres are concerned, the question has already been dealt with by the Conference in the Unemployment (Young Persons) Recommendation, 1935, paragraph 27, which reads as follows: "The remuneration of young persons employed at centres should include a cash payment, in addition to board and, where these are provided, working clothes and lodging." On other relief works, two main arguments are put forward for making the wage rates lower than those customary in private industry or normal public works. One is that if this is not done the workers

engaged will have no incentive to seek work in private industry, and the other is that many of the workers are engaged on work outside their usual occupations and are consequently of relatively low efficiency.

Hours of work on public works already form the subject of Draft Convention No. 51 adopted by the 1936 Session of the Conference which provides that as a rule they shall not exceed an average of 40 per week. The question dealt with in that Draft Convention cannot, of course, be reopened now but hours of work are sometimes reduced considerably below 40 per week in order to give employment to a larger number of workers. This is especially the case on relief works, and the Conference will perhaps wish to consider this aspect of the question.

There may also be other conditions of employment relating for instance to transport from the worker's residence to his place of work, living accommodation in camps, co-operative methods of work, etc., which the Conference may wish to discuss.

An important question which has come to the fore in recent years is the use of machinery. A number of regulations have been adopted restricting the use of machinery on public works and especially on relief works in order to employ a larger number of workers. On the other hand, this experiment after being tried has been abandoned in some countries on the grounds that although direct employment might be increased in that way indirect employment on the manufacture of machinery would be diminished, and that public work like other work should be done in the most efficient manner possible.

A final question arises in connection with all the matters dealt with in this part of the report, namely, whether the conditions which it is desired to lay down should be embodied in regulations applicable to all public work whether done by direct labour or by contract, or whether these conditions should be inserted in each contract concluded with a contractor. There seem to be considerable advantages in combining the two systems ; regulations are necessary for the work done by direct labour and for work done by contract. It is an additional guarantee that the substance of these regulations should be embodied in the actual contracts.

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### III

## **PUBLIC WORKS AND THE EMPLOYMENT OF YOUNG PERSONS, NON-MANUAL WORKERS, AND WOMEN**

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### CHAPTER X

#### **PUBLIC WORKS FOR YOUNG PERSONS**

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The International Labour Conference considered the question of unemployment among young persons at its Nineteenth Session (1935), and adopted a Recommendation including several points which relate to the organisation of special public works for them. Clearly, such works would be relief schemes, not normal public works, and might, the Recommendation states, be organised in conjunction with special employment centres (points 19-34), or apart from these (point 35). The Conference did not recommend recourse to such centres, but expressed the view that, if they were established, adequate safeguards should be adopted to prevent abuses which might arise owing to the existence of conditions of life and labour very different from workers' normal conditions. It may be advisable to reproduce the relevant parts of the Recommendation in full.

#### *Special Employment Centres*

19. Where it is considered desirable to establish, for unemployed persons between the ages of eighteen and twenty-four inclusive, employment centres, the principal object of which is not to give vocational training but to provide work under other than normal conditions of employment, adequate safeguards should be adopted to prevent these abnormal conditions resulting in abuses.

20. Attendance at employment centres should be strictly voluntary.

21. Every care should be taken to prevent centres, whether public or private, from becoming institutions for military training. Privately organised centres should be under the supervision of public civil authorities.

22. No person should be admitted to an employment centre unless he has been medically examined and found physically fit for the work proposed for him.

23. The strictest hygienic conditions should prevail in all centres.

24. Special attention should be devoted to living conditions and discipline. The organisation of the centres should as far as possible be such as to enable the young unemployed to govern themselves, particularly as regards discipline.

25. In order to enable the young persons to maintain regular contact with their families, centres should be as near to their homes as circumstances permit.

26. (1) The work programmes of the centres should be such as to avoid competition by the centres with workers in normal employment.

(2) In so far as possible, the work provided should be appropriate to the age, sex, strength and occupation of the persons concerned.

27. The remuneration of young persons employed at centres should include a cash payment, in addition to board and, where these are provided, working clothes and lodging.

28. Persons employed at centres should be admitted to social insurance schemes and the contributions due in respect of them should be payable by the centres.

29. Where there is no general scheme of compulsory accident compensation insurance, centres should, unless directly organised by public authorities, which act as their own insurance carriers, cover their compensation liability by insurance.

30. (1) With a view to the inclusion in the programmes of centres of adequate provision for general education, vocational training, games, sports and free time, the time spent on productive work should be considerably less than forty hours per week.

(2) Centres should have libraries.

31. (1) There should be detailed regulations for the training and selection of the staff of centres, and members of centre staffs should have a thorough knowledge of social questions generally and of the problems of youth in particular.

(2) The staff of centres specially organised for young women should consist chiefly of women.

(3) Intermediate posts should in all possible cases be reserved for persons in attendance at the centres who are found to be suitably qualified.

(4) These centres should be placed under the supervision of a qualified person, but their activities should as far as possible be regulated by co-operation with and among the young persons themselves.

32. (1) A central supervisory council should be instituted for the purpose of general supervision over the employment centre system.

(2) The central supervisory council should include representatives of the most representative organisations of workers

and employees and of the public departments responsible for placing, public works, agriculture, public health, safety, education and for other aspects of the welfare of the young.

(3) Among these representatives there should be a certain number of women.

33. The central supervisory council or some other appropriate body should collaborate closely with the public employment exchanges with a view to placing in normal employment the persons attending the centres.

34. Measures should be taken to develop team spirit among the persons attending the centres and to encourage them to form co-operative working groups for employment on land settlement schemes, public works, handicrafts, etc.

### *Special Public Works for Unemployed Young Persons*

35. (1) Special public works should be organised to assist unemployed young persons and such works should as far as possible be adapted to the age and occupation of such persons.

(2) For young unemployed persons who have terminated secondary, technical or higher studies, such works should be adapted as far as possible to the training of such persons.<sup>1</sup>

(3) In so far as they are appropriate and possible, the safeguards recommended for Special Employment Centres should also be applied to public works organised to assist unemployed young persons.

The Conference adopted this Recommendation after studying a report prepared by the International Labour Office,<sup>2</sup> one chapter of which contained abundant material concerning special employment centres. The whole question cannot be re-examined here, but information is given on such camps and centres considered as a means of carrying out certain public works.

In some countries these special employment centres are part of compulsory labour services, in which not only the young unemployed, but all the young persons of the country, must as a rule take part. The only aspect of these services which concerns this Report is that relating to the public works they execute, and the educational value which may be attached to certain forms of compulsory civilian service cannot now be taken into account; in fact, compulsory labour services are considered only as a means of recruiting young persons for public works and of imposing on them certain

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<sup>1</sup> This aspect of the question will be dealt with later (p. 178).

<sup>2</sup> International Labour Conference, Nineteenth Session, Geneva, 1935: *Unemployment among Young Persons* (Third Item on the Agenda). Geneva, 1935; and ditto, Supplementary Report.

exceptional conditions of life and labour, which seem to resemble those existing under military service rather than those usually arising from a contract of employment.

In other countries attendance at employment centres is either entirely voluntary or is required only of certain groups of the young unemployed. Here too the centres are organised with the dual purpose of immediately obtaining useful work from the young persons enrolled and of giving them vocational training and general education. Attention here is limited to the public work aspect of these centres.

Account is also taken, in the following pages, of public works organised for the young unemployed apart from special centres. The fundamental difference between the two types is that in the centres the workers are fed, usually housed and sometimes clothed, so that remuneration in cash is reduced to a very low figure; with no centre to provide such service, on the other hand, the remuneration is much nearer the normal wage.

One point which is dealt with in most of the laws on the question is the choice of the work to be carried out in order to avoid competition between the young workers' labour and the normal employment of adult workers. This is the reason for the occupation of the young unemployed at what is sometimes called "extra" work — schemes which, though of undoubted value to the community, are regarded as too costly, and therefore impracticable, if carried out at full wage rates. They include certain kinds of land improvement (draining or clearing land and preparing it for settlement), local road construction, river regulation, re-afforestation and other forestry work, schemes to create facilities for sport or develop amenities (construction of sports grounds, swimming pools, parks, etc.) and other projects of similar kinds.

In practice, it may often be difficult to draw a clear line of demarcation between "extra" work on the one hand and ordinary public works schemes on the other. The distinction varies both according to the principles on which the voluntary labour service is based and according to the general economic development of the country. It is significant, for instance, that in the more advanced countries, where there are fewer public works schemes of a really urgent character than in those economically more backward, great care is taken to make a clear distinction between "extra" work and ordinary

public works ; whereas in other countries, young unemployed workers are also occupied on schemes which are not strictly speaking " extra " work, such as the construction of railway lines or main roads, etc.

In *Australia* a grant of £331,000 was approved by the Federal Government in January 1935 for the encouragement of afforestation in the various States, to be supplemented by a £ for £ contribution from the States themselves. A condition of the grant was that 20 per cent. of the total money contributed should be devoted to the employment of youths under 21 years of age. It was felt that forestry offered a particularly healthy and appropriate sphere of employment for the young.

In *Austria* the labour service is defined as the voluntary participation of unemployed persons in extra public utility work carried out by public institutions, or other incorporated public utility bodies, or bodies engaged in land settlement work.

As regards the nature of the schemes undertaken, the Act of 18 August 1933 defines as " extra work " all work which cannot be carried out without the assistance of the labour service ; it excludes work suitable for inclusion in schemes of productive unemployment relief, and in particular large-scale road-building schemes and building work (except that carried out for land settlement purposes by members of land settlement societies and their families).

In 1935, an average of 12,900 persons were occupied in the voluntary labour service.

The general legislation concerning hours of work and Sunday rest applies to members of the service. They receive 50 groschen a day in cash, and are insured against sickness and in some cases against accident, at the expense of the body which has undertaken the work. The legislation for the protection of the workers and the safeguarding of their health applies to members of the service in the same way as to workers in normal employment.

In *Bulgaria* the labour service participates in the great majority of public works. It is a compulsory service (though exemption may be purchased) for all citizens between 20 and 40 years of age. Members are thus not exclusively " young persons " ; but in practice the authorities call up the age-groups which have most recently become liable, and thus the regular service is carried out largely by young persons.<sup>1</sup>

The Act of 22 October 1921 laid down a very wide definition of the works to which the labour service might lend its aid : the Service " shall be utilised in all branches of economic activity and public welfare work ", says section 3 ; and this general definition is amplified by an enumeration of the works, which in effect includes all operations of public utility. In practice the service has concentrated largely on road and railway building and, more recently, on certain defence schemes. Of the 16,207,536 days' work done by the labour service during the years 1922-1933, 13,960,699 were devoted to road and railway building.

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<sup>1</sup> Cf. MAX LAZARD : *Compulsory Labour Service in Bulgaria*. International Labour Office, Geneva, 1922.



Apart from the work done as "regular" service, mention should be made of the temporary periods of service, not exceeding 21 days a year, which may be required of persons who have completed their regular service, and of certain special "flying squads" which are organised by the service authorities. As regards the flying squads (Chetas), these are composed of skilled workers (butchers, bakers, smiths, carters, etc.) and are employed on the maintenance of plant, the feeding and the equipment of the service. The squads worked 2,274,875 eight-hour days in the period 1925-1932. The Service authorities also run a shoe factory, a forest estate, and a brick works.

To sum up, the principal sphere of activity of the Bulgarian compulsory labour service has been and remains the construction and upkeep of roads, which absorbed about 54 per cent. of all those called up in the years 1925-1932; 14 per cent. were allotted to railway and harbour work, 21 per cent. to the authorities' special schemes and undertakings, 3 per cent. to agriculture, and 8 per cent. to sundry other work. The total number of persons serving annually is about 20,000.

The working day is 8 hours, excluding journey time between the camp and the workplace, and 4 hours on Saturdays. The workers are housed, fed, and clothed, but receive no cash payment.

As regards the temporary periods of service of 10 days' duration, the reports drawn up in 1935 by 907 communes show that the total number of persons performing this service was 1,086,424, of whom 689,000 or 63 per cent. had completed their regular service. The remainder had been exempted, excused, fined, etc.

In *Canada*, relief camps were formerly organised for single homeless men, but since 1 July 1936 they have been closed by the Government. The works selected for execution by these workers included the development of landing fields on the Trans-Canadian Airway and of municipal airports, forestry operations, highway construction, restoration of historic buildings, etc. During the winter, when road-making operations are usually impossible, provision was made for simple types of building construction.

No tradesman admitted to a camp was forced to work at his trade, and if he preferred unskilled labourer's work he was allowed to do it. He was, however, encouraged to work at his trade with a view to retaining his efficiency; and young men who had never had the opportunity to learn a trade were encouraged to work as tradesmen's helpers. Men were encouraged to return as soon as possible to normal employment, and if they secured jobs they were given free transport to their place of employment. There was a steady flow from the relief camps back to industry. The men were also given leave to engage in seasonal employment, such as harvesting, and were taken back into the camps subsequently if they so desired. When the camps were closed, arrangements were made for the men to be employed on railway work.

In *Czechoslovakia*, after an experiment with two centres in 1934, it was decided to organise centres for the young unemployed in the summer of 1936 by transforming clubs for such persons which had hitherto functioned in the winter only.

The members of the earlier camps had been employed mainly on road and railway building and repairing; in no case might their employment create competition with adult workers. The young

persons in the camps receive pocket money at the rate of 30 crowns a week. In Prague, they are insured against sickness, invalidity and old-age, the contributions for all three risks being paid in full by the municipality.

In *Denmark* the Government was authorised by an Act of 20 May 1933 to set up employment centres for unemployed young persons; the work in which they engage must be productive, but the centres may not compete with outside labour, interfere with economic activity in general, or exercise an unfavourable influence on existing wage rates. The Act makes special mention of the following types of work as satisfying these conditions: forestry, agriculture, horticulture, re-forestation, the correction of rivers, protection against coast erosion, protection of natural amenities, improvement of means of communication, laying out of sports grounds, etc. A special committee consisting of representatives of employers and workers and Members of Parliament, with a representative of the Ministry of Social Welfare as chairman, considers the schemes submitted by the organisers, and ensures the protection of the ordinary employment market.

In practice, the work done in 1933-1934 consisted in the laying out of sports grounds, urban works, and roadmaking and repairing. The authorities found it rather difficult to provide work that was productive and at the same time satisfied the criteria mentioned above.

The young men employed on such work receive a small cash payment instead of an unemployment allowance.

In the Free City of *Danzig* work chosen for execution by the compulsory labour service must not give rise to competition with free employment or cause the dismissal of normally employed workers.

In *Estonia* the first centre for the young unemployed was set up near Tallinn in 1935. It consisted of about 100 young persons, who were employed in agriculture and land settlement work.

In *Finland* there are two kinds of camps for unemployed young persons, one for juveniles between 16 and 20 years of age and the other for young unemployed workers between 21 and 25. Members of both types of camp are mainly employed on agricultural and forestry work. In addition, the pupils receive both practical and theoretical training in some trade, and general instruction. Admission to the camps is voluntary and the young people receive free board, lodging and clothing, and also some remuneration according to the work they have done. Both the State and the communes contribute to expenses which, in 1935, amounted to 2,685,900 marks. In 1935, 256 young unemployed persons were admitted to the camps.

In addition, vocational courses were organised in which, in 1935, 160 unemployed persons took part, the State paying 159,090 marks towards the expenditure entailed.

In *Germany* the work which may be undertaken by the labour service has been carefully defined. A Decree of 5 June 1931 stated that only "extra" work of public utility might be encouraged, that is to say work which would not otherwise have been undertaken even as relief work, and in particular land improvement schemes, land clearance with a view to settlement or the creation of allotments, the improvement of local communications, and work for the improvement of public health.

In defining the term "extra work," the Decree of 16 July 1932 specifies that the work performed by the labour service must not reduce the openings for ordinary workers, but must be restricted to work which could not otherwise be undertaken at the time or in the near future. A Circular of the President of the Institution for Employment Exchanges and Unemployment Insurance, dated 9 June 1932, states that work for the establishment of family farms, including land improvement and the construction of houses, farm buildings, and approach roads, shall in all cases be considered as "extra work."

As regards the requirement that the work undertaken must be of public utility, a Circular issued by the President of the above-mentioned Institution on 21 July 1931 laid down that the expression "public utility" should not be taken too literally; the fact that a given piece of work is likely to be to the direct advantage of a limited number of people (members of a club or of a co-operative society, for instance) need be no obstacle to its execution by the service if it is also beneficial to the community.

The Labour Service Act of 26 June 1935 provides that the service shall carry out work of public utility. In practice, this is confined almost entirely to land improvement schemes. More than half (53 per cent.) of the schemes carried out during the six summer months of 1935 consisted in drainage, correction of waterways, protection against floods, recovery of marsh land, and clearing of land for agriculture; 15 per cent. were for road construction work and 12 per cent. for forest work, while the remainder consisted in the preparation of land for internal colonisation and workers' allotments. It is expected that about a million hectares<sup>1</sup> of land can be won for agriculture or made to yield a greater output as a result of a 20-year programme.<sup>2</sup>

For the period from 1 October 1935 to 30 September 1936, the Government fixed the number of persons to be occupied by the labour service (including permanent officials) at 200,000.

Hours of work are 6-7 a day, and may in no case exceed 7½ including journey time from the camp to the work-place and back.

Members of the service receive only 25 pfennig a day in cash. The Labour Service Act of 26 June 1935 provides that members of the service are entitled to free medical treatment in case of sickness or accident; section 17 of the Administrative Order of 1 October 1935, however, states that membership of the labour service does not constitute employment within the meaning of social insurance legislation. Under the Act of 23 April 1936 and the Administrative Order of 24 April 1936, persons occupied in the labour service are treated on the same footing as war-disabled men as regards sickness, accident, and death; in case of sickness, they are entitled to medical treatment, in case of accident to a pension, and in case of death their families receive the breadwinner's earnings for three months and then a pension. Former members of the voluntary labour service and their dependants are treated as members of the compulsory service in case of accidents or sickness occurring after 30 June 1934.

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<sup>1</sup> Equal to about 2,470,000 acres.

<sup>2</sup> *Kölnische Zeitung*, 16 March 1936.

In *Great Britain* instructional centres have been established by the Government to enable men who have been unemployed for a long time to undergo courses designed to restore and maintain their employability. The work done in these centres consists mainly of clearing, drainage, and other activities connected with afforestation, and in trenching, road-making, etc. It is a rule that the work done in the centres must not be of a commercial nature and must be work which could not be undertaken in present financial circumstances in any other way. The centres are open to all unemployed men between 18 and 35 years, but the great majority who attend are in the younger age-groups. The centres are practically all residential in character, the men being accommodated in hutment camps. Normally, from 200 to 500 places are provided at each centre, and altogether 18,474 men were admitted to the centres during 1935, an increase of 2,226 over the corresponding figure for 1934.

In *Luxemburg* a Grand Ducal Order of 13 March 1936 governs the organisation of internal colonisation centres for young unemployed persons. The object of the work done in the centres is to reclaim and develop lands belonging to the community. Reclaimed land will be let out on long lease, preferably to workers who have assisted in its development or their families. Hours of work are 40 in the week. Young persons admitted to the centres, if entitled to unemployment benefit, receive that portion which is paid by the local authorities, namely, half the total allowance. The latter ordinarily consists of (a) a basic sum of 12 francs per working day; (b) 1.50 francs per working day for an unemployed wife or husband and for every child or other dependant of the unemployed person living with him; and (c) a supplement for every hour of work actually performed, at a rate fixed by the Director of Labour and Social Welfare. The State and the local authorities may pay to young persons not entitled to unemployment allowances, or their parents, a sum not exceeding the normal amount of the unemployment allowance for every day spent in the centre.

In *New Zealand* the Unemployment Board has instituted several relief work schemes. Although no statistics are available regarding the ages of adult men engaged thereon, it is stated that many are between the ages of 20 and 25. The most important scheme provides partial employment, with the co-operation of local authorities, for a large number of unemployed men, mainly in the chief centres of population. Moreover, a considerable number of men (mainly single men) have been placed in camps. These are established in co-operation with the Public Works Department, and the men are engaged for the most part in the construction and repair of roads and highways, land improvement, and afforestation.

In *Poland* the young unemployed placed in employment centres are engaged on public works such as railway and road-building, river correction, land improvement, the construction of sports grounds, airports, etc., and also in workshops. The work is selected so as not to compete with the employment of adult workers, but no specific definition of such work is laid down, and there is no mention of the "extra work" proviso which has been adopted in a number of other countries. During bad weather the men are employed in workshops at making various articles, repairing tools, shoes and clothes, and doing any necessary repairs to their houses. Social institutions also provide them with work suitable for the winter.

In 1934, of about 9,000 persons enrolled in the centres, some 7,000 were engaged on the correction of the Vistula and Warta Rivers. It frequently happens that young persons are sent to the same workplaces as adult unemployed; the latter do the work presenting most difficulty, either for technical reasons or because it needs more training or endurance, while the young persons do the unskilled jobs.

In 1935 the maximum number of unemployed occupied in the centres was about 20,000, whereas some 135,000 adult unemployed were engaged on public works.

A 6-hour day and 36-hour week are worked. Cash remuneration is composed of two parts: the young workers receive 50 groszy per working day (group leaders 1 zloty, brigade leaders 1.50 zloty); further, 5 zloty a month are paid into a savings bank on each worker's behalf, the bank-book being handed over to him when he leaves the centre. In some centres bonuses for groups and brigades whose output exceeds the normal standard have also been introduced. The workers are insured against accidents and are entitled to medical attendance.

The Decree of 22 September 1936 establishing a labour service for young persons, provides that social legislation relating to industrial health and safety shall apply to the labour "teams". The members of the teams will be entitled to free medical aid in accordance with the rules for soldiers on the active list. Their service will be assimilated to military service in regard to compensation for loss of working capacity, invalidity and death.

In *Sweden* the work done by persons belonging to employment centres must be of public utility, that is to say, undertaken by the Government or a local authority, and must be such as would not otherwise be carried out either immediately or in the near future.

The remuneration depends on the type of centre. Workers in the residential centres receive an allowance of 50 öre for each day's work, whereas those in non-residential centres who are entitled to unemployment benefit continue to draw all or part of this.

In *Switzerland* an Order of 24 May 1935 provides that the work done in the camps of the voluntary labour service must be of economic or cultural importance, and may not involve competition with private undertakings. In practice, the camp workers have engaged in the clearing of forests, road work, and the construction of sports grounds, mountain shelters, water conduits, etc. In the winter, when most of the camps are closed, workshops for wood and metal working are opened instead; here, too, care is taken not to compete with private industry. From 1933-1936 the number of days' maintenance or of work provided by the labour camps rose progressively from 63,000, 180,000, and 274,000 to 342,000, and the resulting expenditure during the same period from 330,000 francs to 1,891,000 francs. Each member receives a weekly allowance of 6 francs (12 francs for group leaders). The Order fixes hours of work in the camps at 48 a week, but this figure may be reduced to 40 in exceptional cases, especially during the winter months. The young unemployed persons in the camps are insured against accidents and sickness.

In the *United States* the Unemployment Relief Act of 31 March 1933 specified that the young unemployed persons enrolled in the camps

of the Civilian Conservation Corps should engage in the construction, maintenance and carrying on of works of a public nature in connection with the afforestation of lands belonging to the United States or to the several States which are suitable for timber production, the prevention of forest fires, floods and soil erosion, plant pest and disease control, the construction, maintenance or repair of paths, trails and fire lanes in the national parks and national forests; and such other work on the public domain, national and State, and Government reservations incidental thereto or necessary in connection with any projects of the character enumerated, as the President may determine to be desirable. Subject to certain provisions, the President may also extend the operation of the Act to lands owned by counties and municipalities and lands in private ownership.

During its first three years, the C.C.C. provided temporary work for over 1,600,000 young unemployed; and in the spring of 1936 it had 2,150 camps with 350,000 persons. Members of the camps receive a monthly cash allowance of \$30, and must undertake to allot at least \$22 of this to needy dependants. Members in posts of supervision receive between \$36 and \$45. All members of the camps benefit by the accident compensation laws.

Apart from the C.C.C. camps, relief works for the young unemployed have been taken in hand under the Executive Order of 26 June 1935 which established the National Youth Administration. The main purpose of the new body is to initiate and administer a programme, primarily for youths in relief families, which endeavours (1) to find employment in private industry for jobless youths between the ages of 16 and 25, (2) to provide employment for such youths at work relief projects suited to their abilities and needs, (3) to provide vocational guidance and training or retraining for youths without specific skill, and (4) to extend part-time employment to needy college students and college graduates, and small cash assistance (approximately \$6 per month) to needy primary and high-school students unable to continue their education without aid. In April 1936 the Administration was assisting 564,714 persons.

*Conclusion.* — The public works specially undertaken for young persons are not of the normal administrative type; for it would clearly be impossible to exclude from such normal schemes all workers who have passed some such age limit as 24 years. Public works for young persons have taken the form of relief works, an additional reason for their classification as such being the fact that in every instance the authorities have introduced conditions of employment differing from those of normal workers. In most cases, in exchange for their labour, the young persons are housed and fed in special centres; as cash payment, they receive at the most a very small sum which can hardly be regarded as more than pocket money (there are exceptions to this particularly as regards the United States).



## CHAPTER XI

### PUBLIC WORKS FOR NON-MANUAL WORKERS

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An increase in the volume of public works — whether of the normal or of the relief type — during a depression directly benefits large numbers of non-manual workers, for much administrative and technical employment is created. Only rarely is precise information on this subject available; but the following data from two countries have been collected. In Belgium it is considered that the public works programme for 1936 has given employment to 6,363 salaried employees, or about 4.6 per cent. of the 137,202 workers whose employment was provided for altogether. In Poland, non-manual (technical and administrative) workers average a proportion of 3 per cent. of all persons engaged on work which the Employment Fund finances, 2.4 per cent. being technical and 0.6 per cent. administrative staff; for work of certain types the proportion is higher, the electrification work carried through in 1934 and 1935, for instance, involving the employment of 9.2 per cent. of non-manual workers (8.1 per cent. technical and the remainder administrative).

Further, a large number of non-manual workers benefit indirectly from the expansion of public works. In so far as such works help to restore general business activity, they lead to increased employment of non-manual no less than of manual workers. Unemployment among the former is indeed always intimately connected with unemployment among the latter, for in both cases it is caused much less by a relative surplus of workers in certain occupational groups than by a disturbance in the whole system of distribution, by the fact that consumers have not sufficient purchasing power to absorb all the goods and services offered.

As far as its fundamental causes are concerned, unemployment is an indivisible problem and the position of non-manual



workers cannot be separated from that of manual workers ; but it is possible, within a general scheme of creating employment by extending public works, to take steps which directly benefit non-manual workers — not only those who engage in the administrative and technical side of the public works organised, but many other groups as well. It will be seen below that in certain countries, in particular the United States, remarkable efforts have been made in this direction.

The works which public authorities can undertake with a view to reducing unemployment need not be confined to the construction of roads, railways, canals, buildings and other similar schemes ; they may well include scientific and artistic work of the most varied type. Even when the work is of the usual sort — construction, or improvement in communications — it is almost always possible, in planning it, to increase the number of openings for certain groups of non-manual workers. Whether the scheme provides for the building of a school or hospital, the construction of a road or railway, it is generally possible, besides fulfilling the technical and financial requirements, to aim at some degree of aesthetic merit which will often result in increased use of the completed work and thus in a greater return on investment. An instance is the artistic skill with which the underground stations and above-ground entrances and exits of the Moscow metropolitan railway were planned ; again, the German authorities have taken care to break the dangerous monotony of their motor-road system by planting the lateral and central strips with trees, etc. — a policy which involves the aid of botanists, landscape gardeners, designers, etc. ; while in France the Historical Monuments Committee has drawn up a list of restorations which can provide work for artists and craftsmen whom the use of new building methods and the adoption of the modern unornamented style have thrown out of employment.

As regards young people, it was mentioned above that the International Labour Conference recommended the organisation of special public works for young persons, and specified that “ for young unemployed persons who have terminated secondary, technical or higher studies, such works should be adapted as far as possible to the training of such persons.”

At its fifth session, held on 28 and 29 October 1935, the Advisory Committee on Professional Workers set up by the

Governing Body of the International Labour Office adopted a resolution containing the following passage on employment schemes for non-manual workers :

“ Openings for employment should also be found for professional workers by the creation of new work, either of a temporary character to cope with the most urgent needs, or of a permanent nature.

“ Special relief works should be organised for the assistance of professional workers ; it is possible to employ some of these at least for a certain time on such work as the compilation of statistics, the classification of archives, the preparation of catalogues, surveys and maps, the restoration and repair of historic monuments, etc.

“ The effective application of the Recommendation concerning young unemployed persons adopted by the International Labour Conference in 1935, providing for the raising of the school-leaving age and the establishment of special centres for the vocational training or employment of young unemployed persons, would offer professional workers many new opportunities of employment as managers or instructors.

“ It would be well to give increasing facilities for the settlement of professional workers in colonies and undeveloped countries. This settlement should be prepared for by various measures likely to facilitate it and to ensure its success, including the preparation of a list of openings for employment, the study of living conditions, the conclusion of international agreements, etc.

“ Outside the large towns which under present conditions suffer from a surplus of professional workers there still exist large rural or semi-rural regions in which there are wide possibilities of employment. Measures should be taken for the supply of such regions with professional workers, including doctors, midwives, agricultural experts, artists, etc. The cost of the posts thus established might be taken over by the authorities or the co-operative or mutual aid institutions in cases where the economic conditions of the inhabitants of such regions did not allow them individually to meet the cost of the services which would be offered them.

“ Vigorous propaganda should be carried out by the authorities and the professional workers' organisations to encourage the use of the services provided by the professions. Campaigns for social hygiene, popular education movements, movements for the artistic development of the masses and the utilisation of spare time in all its forms, would be capable of bringing about a wise demand for professional services while raising the general standard of the population at the same time. No measure should be neglected which would tend to accustom the population to make more and more use of professional services in accordance with the normal development of civilisation.”

The measures recommended above might well be generally adopted ; many instances from actual practice will be found below.

Reference is also made to the steps taken in a number of countries with a view to developing a particular type of

relief work, namely employment of student employees. In April 1935, the Committee of International Students' Organisations expressed the following views on this point :

" The Committee realises the very great importance of temporary employment for young graduates as probationers in the public services and in private undertakings, not only as a simple method of providing useful work for a large number of young professional workers but also as a means of enabling the young graduate, fresh from the University, to continue his studies and to make certain that he is right in his proposed choice of a career. But it must be clearly understood that the young graduates thus employed, although they receive remuneration, must not take the place of other employees ; the main purpose of their engagement should be to give them practical training.

" The Committee congratulates the International Confederation of Students on its work in this field, more especially in the creation of an International Probation Office for Students ; it accepts with pleasure the invitation of the Confederation to appoint delegates of the member organisations to represent it in that Office. It requests the International Institute of Intellectual Co-operation and the International Labour Office to bring to the notice of the competent official and private bodies the desirability of increasing the openings for supernumerary probationers and promoting the international exchange of probationers, as is done already by special agreements between certain countries (e.g. France and Denmark). "

Soon afterwards, in June 1935, the International Labour Conference included the following paragraph in its Recommendation concerning unemployment among young persons :

" 14. In the case of persons unable to secure employment on the termination of secondary, technical or higher studies, measures should be taken : (a) to enable such persons to supplement their theoretical training by obtaining practical experience in industrial, commercial and other undertakings and in public administration, every precaution being taken to prevent such persons from displacing regular workers. "

Again, the Advisory Committee on Professional Workers adopted the following resolution at its session of October 1935 :

" The Committee asks the Governing Body of the International Labour Office to draw the attention of Governments to the urgent necessity of establishing information centres for the purpose of studying the professional employment market and also of organising the placing in employment of professional workers, and to ask authorities and private undertakings to increase the number of posts for student employees so as to enable young professional workers to complete their training and to direct them towards the occupation most suited to their talents without affecting the conditions of the rest of the staff. In this connection the Advisory Committee on Professional Workers draws attention to the importance which it attaches to the conclusion of bilateral or multilateral international agreements for the exchange of student employees. "

It may be noted here that the budget of the International Labour Organisation for 1936 includes an allocation of about 20,000 francs for the engagement of student employees. Between twenty-five and thirty such persons, belonging to fifteen different nationalities, were receiving funds from this source in 1936.

The following pages comprise a review of measures taken in a number of countries to create employment for non-manual workers.

In *Austria* non-manual relief work has been provided in the libraries, at the Federal Statistical Office, in the archives of the Government departments, at the Central Meteorological Office, etc., as part of the voluntary labour service scheme.

In *Bulgaria* a Legislative Decree of 4 May 1935 concerning the placing of unemployed persons provides for a special system of providing employment for young non-manual workers. It provides that every public or private undertaking which on 1 May 1935 employed persons receiving in wages or recompense of any description a net amount exceeding 6,000 leva monthly is to open a special "student employees" account into which deductions from wages and salaries are paid. As soon as the sum required to pay a student employee has been reached, such an employee must be engaged by selection from among the registered unemployed who have received a secondary or higher education and are under 30 years old. The wages of a student employee are 1,500 leva monthly for those with secondary education, and 2,000 leva for those with a higher education. Should the contributions not be sufficient to pay a student employee, the sums so contributed are paid by the employer into a special "student employees" account opened by the Labour Directorate with the National Bank of Bulgaria; and any balance remaining over after a student employee has been engaged is treated in the same way. When the "student employees" account reaches the total needed to pay such an employee, the Minister of National Economy places it at the disposal of any State institution which applies; the Minister concerned then nominates the employee. Foreign nationals may be engaged only with the special sanction of the Labour Directorate.

The Decree applies to all public and private undertakings using paid labour in industry, handicrafts, commerce — including banks and insurance offices — building, transport, etc.

During the first few months following the enforcement of the Decree, posts as student employees were found for 750 non-manual unemployed, including 408 at Sofia; this latter figure is equal to 65 per cent. of the number of non-manual unemployed registered in that city.

Moreover, a Legislative Decree issued on 29 March 1935 make it compulsory for young doctors to do service in the country districts. Apart from the year which a doctor must pass in a university clinic or State hospital before he is qualified to practice throughout the country, every doctor must now pass two years in the country, either in the service of the Government or of a local authority, or in a private capacity. Any doctor who cannot find

a paid post of this sort is entitled to a salary of at least 2,000 lévas a month, provided by the Public Health Department, and to a suitable dwelling and transport at the expense of the local authority in whose area he works.

In *China* the University Graduates' Alliance has asked the Government to draft a programme of non-manual work, including in particular the extension of the Academia Sinica.

In *Egypt* the Government recently set up an Unemployment Board for non-manual workers; this is engaged chiefly on drafting schemes to create openings for graduates. Among those contemplated are the establishment of laboratories and experimental farms, the development of statistics, etc.

In *Estonia* relief work has been organised in libraries, archives, statistical offices, etc., and in the winter of 1934-1935, when the Ministry of Communications opened a credit of 760,000 crowns for the organisation of relief work, 46,500 crowns of this amount were allotted to the creation of non-manual employment.

In *Finland* the Ministry of Communications and Public Works was authorised to organise special relief work for unemployed non-manual workers in Government departments and offices and in scientific institutions, during the period from 1 September 1935 to 31 May 1936.

During this period, an average of 700 persons were employed each month on reserve works organised by the State and carried out by public administrations.

Pay was fixed in accordance with the qualifications required for the work offered, and workers were divided into five wage groups, the rate for an ordinary day's work being 75, 60, 50, 40, and 30 marks respectively in the first, second, third, fourth and fifth groups. Unemployed persons with dependent children under 16 years of age also received family allowances of 100 marks a month for each child.

The travelling expenses incurred by unemployed non-manual workers sent on "reserve" work away from their place of domicile may be reimbursed so far as funds permit, subject to agreement by the competent authority.

On presentation of a medical certificate a sickness allowance may be granted for a maximum period of one week. The amount of this allowance is fixed by the department which engaged the person concerned, and may amount to as much as full pay plus family allowances.

The local authorities are also required to organise reserve works and vocational classes for unemployed non-manual workers; if they fail to do so, the Government may oblige them to pay a reasonable share of the cost of reserve works organised within their areas.

In 1935 the Government spent 4,400,000 marks on the organisation of administrative work for unemployed non-manual workers.

In *France* a relief works plan has been drawn up with the aid of various persons, institutions, and organisations, including the Confederation of Professional Workers and the University Statistical Office. These schemes are divided into three classes according to the dates at which they can probably be taken in hand.

In Germany, in 1934, the Institution for Employment Exchanges and Unemployment Insurance allocated 400,000 RM. for the provision of aid to unemployed non-manual workers. The money was put at the disposal of the competent relief organisation, which was instructed to draw up a programme of scientific work urgently required and of public value. Schemes for inclusion in this programme might be submitted by institutions and by individual scientists. It was agreed that as far as possible the work to be subsidised should be carried out by groups of unemployed working together rather than by isolated persons; and, again as far as possible, that the workers should be housed together in suitable dwellings which would be allotted to them.

In Hungary the National Committee of Unemployed Graduates, which has the support of the Ministry of Education, carries on propaganda on the wireless and in the press in favour of non-manual employment. Moreover, the Government's creation of secretary-advisers' posts in the villages, besides directly providing employment for many graduates, also tends, by modernising rural life, to encourage the demand for professional services.

In Japan, the Government published a circular in 1929 providing for sundry measures in aid of non-manual workers whose income does not exceed a certain limit, and of young persons qualified to enter the non-manual occupations who have not yet been employed.

This Circular instructs local authorities, when carrying out public works, to engage such workers and young persons for research and other administrative and technical employment. The Government subsidy covers all allowances made to such persons in ease of work done on behalf of State departments, and half of such allowances and of total expenditure in case of work undertaken by local authorities on their own initiative.

In Latvia students registered as unemployed non-manual workers and engaged on public relief works have received allowances permitting them to devote their whole time to study. During the academic year 1934-1935, the University made an allowance to any student who was registered at an employment exchange before 15 October 1934, had been engaged on local relief works or public works, and had been in receipt of benefit from the Unemployment Fund. Students who receive such allowances are not permitted to take any paid employment under the Government or a local authority. The necessary credits are put at the University's disposal by the Unemployment Fund, the students being required to reimburse the money at a later date.

At the end of the academic year 1933-1934 there were 8,384 students at the University, 500 of whom were registered at employment exchanges; of the latter total, 270 were given employment by the public authorities, which received 50 lats per month in respect of each of them from the Unemployment Fund. This relief was to be transformed into students' allowances, for which the Government had earmarked a credit of 200,000 lats.

The Minister of Social Welfare decided in 1935 to establish labour centres for young unemployed students and university men. The centres, known as labour clubs, are composed of groups of from 10 to 15 students and graduates who have registered at an employment exchange; the clubs have instructors chosen from among graduates of the agricultural colleges, students of the Agri-

cultural Faculty at the University, and persons with practical knowledge of agriculture. The members are employed on tree-planting for the improvement of the appearance of roads and public buildings, re-afforestation, farm work, and the rationalisation of agricultural work. Each member of a labour club receives an allowance of 60 lats a month from the Unemployment Fund; an instructor's salary is 100 lats. The institutions and persons for whom the work is done provide the members with free lodging, and farmers using the services of the clubs must supply utensils and firewood for meals. In case of sickness, members are entitled to the same medical care as State employees. The cost of administration of the labour clubs is borne by the Ministry of Social Welfare.

In *Poland* the Employment Fund spent 1,010,000 zloty on assisting unemployed non-manual workers in 1934-1935. Subsidies were granted to different economic and social research institutions, largely for the study of unemployment and the position of the agricultural population. The sums allowed per person employed were from 4 to 12 zloty a day or from 100 to 300 zloty a month; and the institutions in question might supplement these amounts from their own funds. It was thus possible to give 4,700 persons a month's work each.

Several unemployed non-manual workers were given technical research and planning work, for which the Fund allotted 1,385,000 zloty. Others were found technical and administrative posts in connection with public works.

The Vocational Training Institute, which was founded in September 1935 by the Federation of Non-Manual Workers—with the help and financial support of the authorities, carries on active propaganda to encourage the demand for professional services. Having studied the possibilities of employment in the various branches of economic activity, the Institute decided that the services of its members were imperfectly distributed among these branches, some industries being over-stocked with non-manual workers while in others there was an unsatisfied demand. It found also that certain branches could absorb a far larger number of non-manual workers than had hitherto been the case. Agriculture, for instance, employs 70 per cent. of the total population of Poland, but only 4 per cent. of all non-manual workers; there is room for many more such workers in the rural co-operative movement, the cultivation of medicinal and industrial crops, the raising of silkworms, small-scale rural industry and social services (teaching, health, etc.). The Institute has therefore deliberately rejected all action to limit the recruiting of non-manual workers and is preparing to attack unemployment by other means—in particular by more judicious placing, the re-adaptation and further training of the unemployed, and a campaign to increase employment in fields where the demand for non-manual labour has hitherto been unnecessarily low.

In *Switzerland*, an Order of 24 May 1935 relating to the organisation of the voluntary labour service provides that as far as possible unemployed technicians shall be included in the administrative staff at the employment centres.

Moreover, before the Federal Order of 21 December 1934 "providing for measures to overcome the depression and create openings for employment" came into force, steps had already been taken

by the Federal Council, in agreement with the cantonal and communal authorities, to provide special openings for unemployed persons of the liberal professions and of commercial and technical occupations; it was in this way that the technical employment services in the commercial and industrial centres of Zurich and Winterthur came into existence, and that an organisation was established for unemployed commercial workers under the name of the Commercial Employment Service. After the Order came into effect, similar measures were taken in other towns. Further, the competent services have sought to obtain additional orders for firms of engineers and architects, many of which are now almost entirely without work, so as to enable them to retain their technical and commercial employees and even to engage additional staff. For example the Central Employment Office has induced several cantons to have plans for mountain roads and other works prepared with the help of Federal subsidies. A large subsidy has enabled the Swiss National Bureau of Addresses and Commercial Publicity to extend considerably its work on behalf of unemployed commercial employees. Lastly, comprehensive measures for the relief of this group of unemployed have been taken by the cantonal and communal authorities. Since the coming into force of the Order of 21 December 1934 until the end of 1936, the public authorities have expended 3.3 million francs in providing employment for unemployed non-manual workers of which sum 1.4 million represents the contribution of the Confederation.

The measures hitherto taken will be continued and their scope extended, in virtue of the new Order of 23 December 1936 which authorises the Confederation to encourage the creation of special openings for work for unemployed commercial workers and members of the liberal and technical professions or to create such openings itself. It considered, however, that this could be done successfully only if close touch was maintained with the cantonal and communal authorities, which were in fact nearer to the problems and in a better position to decide when and how assistance would be most effective.

Early in 1936 the Engineers' and Architects' Society of the Canton of Vaud, with the aid of the Federal Department of Industry, Handicrafts, and Labour and the cantonal and communal authorities, set on foot a scheme for the employment of engineers, architects and technicians. An office was founded in which a number of these workers could be occupied in rotation at work in their own professions. It was hoped to occupy 25 persons in this way, the expense being estimated at 65,000 francs. It was arranged that the Federal Government should bear 40 per cent. of the cost of the wages or salaries allowed, the cantonal and communal authorities each defraying half of the remainder.

Similar offices, capable of employing some 300 engineers, architects, technicians, etc., were set up in several other towns.

In the *United States* measures of a wide scope have been taken with a view to finding occupation for the "white collar" group.

The works programme of 1935 provided for the occupation of such workers both in the field of educational and clerical work and in that of the arts. Two large census jobs were to employ approximately 72,000 workers; one was a census of business enterprise (trade, industry, banking, etc.) for 1935, and the other a reclassifi-



cation of the 1900 census in order to facilitate the work involved in checking the legal age of persons applying for old-age pensions.

A special public department, the Professional and Public Service Projects Division, was created, with regional directors throughout the country, to direct a programme of projects in the fields of music, theatre, art, and literature. The following results were anticipated: 10,000 workers, including 700 unskilled, to be employed on the music projects; about 9,000 actors and 3,000 stage technicians to be employed on the theatre projects (put into operation first in New York, Los Angeles and Chicago, and then extended to smaller centres); 5,000 artists to be employed on the art projects, including mural paintings and museum and other similar work (these were a continuation of the public works of art projects organised by the Civil Works Administration in 1933 and 1934, under which 3,749 artists received \$1,184,748.32); 6,500 writers and other professional groups to be employed at work in the field of literature the chief project being the preparation of a comprehensive guide in five volumes for the use of travellers and tourists throughout the United States.

In December 1935 it was announced that the music programme had 11,300 men at work on 162 Federal music projects operating in 19 States, and would probably eventually employ 18,000 musicians. The methodical classification of musicians on the relief rolls enables many musical units of all sorts to be formed, and these are sent to play in all parts of the country. This campaign is expected to lead to a veritable musical renaissance, the creation of a vast appreciative public, and thus the development of permanent posts for musicians.

A large number of professional and similar workers have been engaged on other "white-collar" projects, such as those organised by the Bureau of Labor Statistics. According to a forecast published in October 1935, the execution of these projects should provide employment for 345,000 "white-collar" workers. A report published by the Works Progress Administration in April 1936 states that one person out of every ten receiving Government aid is normally a "white-collar" worker, while among gainfully employed persons the proportion of "white-collar" workers is nearly one out of three. Even though a small fraction of the relief population, the report continues, this group presents the biggest problem because of the public reaction against any type of relief work other than manual labour.

It may be added that under another WPA project, 24 unemployed lawyers were assigned to different courts in New York City. It was arranged that they should report daily to the various courts, and their judges would decide which cases and individuals needed legal aid; the pay was on the basis of the prevailing WPA scale.

The Works Progress Administration announced the following "white-collar" projects, along with others, early in 1936: with an appropriation of \$100,000, assistance was to be given to the Department of Health in its campaign to control venereal diseases; a large-scale survey of consumer purchases was being carried on under the auspices of the Bureau of Labor Statistics of the Department of Labor in co-operation with the National Resources Committee, the funds being made available through the WPA; and the effects of recent changes in the technique of production upon the volume of employment and unemployment were also being studied (this project was being administered, in co-operation with the

Bureau of Labor Statistics, by the WPA under its National Research Programme, which had been allotted \$12,000,000 for various pieces of research work). It was estimated that about 650 studies were being made of different phases of American life under the auspices of the WPA and that these studies would cost in all about \$27,000,000.

Further, permanent employment is being found for a large percentage of unemployed teachers as a result of their work on the WPA programme of emergency adult education. According to the Assistant Works Progress Administrator, 2,000,000 persons, most of them adults, had attended the emergency classes by the beginning of 1936, and the demand for these classes was then increasing. The emergency education programme includes several types of courses for adults, such as general academic education, special literary classes, parent education in connection with the emergency nursery school, workers' education, and vocational education.

The above-mentioned measures apply both to women and to men, and a special women's service was set up as part of the Federal Emergency Relief Administration; its functions will be described in the following chapter. Reference may, however, be made here to the valuable work done by the temporary Civil Works Administration of 1933-34 in finding employment for non-manual women workers.

In *Wisconsin*, where a Women's Work Division was established in the Civil Works Administration, 3,600 women were employed at the end of March 1934 on relief works, including the following (largely of a non-manual type): binding and cataloguing books in public and school libraries; clerical assistance with farmers' contracts to reduce production of grain and pigs; making garments and repairing shoes for relief; physical examination of schoolchildren; and making a digest and cross index of Wisconsin Supreme Court decisions since 1911, and compiling a history of labour laws for women. At the University women were employed in clerical work, in compiling statistics, in detailed research into dietetics, psychology, education, horticulture, chemistry, physiology, home economics, medicine, and other questions. The Tax Commission employed over 200 women to collect data on improvements to real estate entailing changes in the valuation of the property. For this purpose women made drawings of the buildings, compiled statistics, copied field cards, etc. Women were also employed on surveys of farm housing, rural tax delinquency, etc., and were placed on the staff of the re-employment offices and the administration of the Indian Reservations.

In *Pennsylvania* a separate department of women's work was also set up to encourage the development of projects which would employ women. 13,329 women were so engaged on 31 March 1934 at research, office and clerical work, and as nurses, teachers, librarians, cleaners, etc. About 3,100 women were employed in research work, forming nearly half the total so employed; among the subjects studied were education and recreation, labour, health, social and economic conditions, relief and welfare, public finance, traffic and transportation, etc. The research projects on labour subjects included the following: effects of the National Industrial Recovery Act on women's wages; employment office placements and administration; and a graphic analysis of the work of the State Department of Labour and Industry.

In *Massachusetts* a census of unemployment and short time at 2 February 1934 gave work to about 3,000 women.

Nurses have had special attention from the relief authorities. According to a return published in June 1934 by the Division of Women's Work in the Civil Works Administration, 10,000 unemployed nurses had then been placed in employment, under Administration projects, in public hospitals, clinics and other institutions, on public health staffs, in families and in the making of surveys. In the State of *Washington* 300 needy nurses were employed by the Public Health Department through assistance given by the Civil Works Administration; some of these nurses had to be given clothing and shoes before they could accept work. With their aid it was possible to inoculate thousands of children against diphtheria and smallpox, while in the flood area hundreds were given typhoid vaccine. In *Illinois* over 100 women were employed as visiting nurses, and between December 1933 and February 1934 they assisted fully 10,000 families. In *Missouri* a number of nurses were employed in making a survey of crippled children, 1,600 of whom had subsequently received hospital care by 1934.

The conditions prescribed in the various programmes which were prepared in the United States in order to provide employment for "white-collar" workers have had in many cases to be amended owing to difficulties in application.

The Census of Business Enterprise for 1935, undertaken under the auspices of the Bureau of the Census of the Department of Commerce in every city and county in the United States, was hindered in many sections of the country because qualified personnel were not available from relief rolls. As a result State Administrators were authorised to exempt the project from the requirement that 90 per cent. of the workers be taken from relief rolls, provided that sufficient workers could not be found, either by taking them off other "white-collar" projects which had been overstaffed, or from State and local statistical, professional, and clerical projects.

Exemptions have also been allowed from the Federal fine arts projects. An adjustment of personnel took place, and the Philadelphia unit of the Federal theatre project was authorised to engage 25 per cent. of its workers from among men not on the relief rolls, while a similar 25 per cent. exemption was granted to the Treasury art project, the Federal art project, and the writers' project. In all these cases the reason given was insufficiency of properly qualified workers for the particular projects.

*Conclusion.* — It seems to the Office that the measures reviewed above for giving employment to non-manual workers by finding them an occupation corresponding to their training and skill deserves the attention of the International Labour Conference. The information collected provides a solid basis for discussion on ground which the Advisory Committee on Professional Workers has also helped to prepare, as may be seen from the resolution quoted at the beginning of this chapter.

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## CHAPTER XII

### PUBLIC WORKS FOR WOMEN

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Industries such as building and civil engineering, which usually derive most direct benefit from public works, provide employment for relatively few women workers. The extension of public works of the usual kind, therefore, results largely in additional openings for men, and helps only indirectly to reduce unemployment among women. This indirect influence is however far from negligible. It is most effective when the public works require much equipment to be provided by industries which employ a large number of women; and also when public works activity is so great as to have an appreciable effect on other industries which occupy a large proportion of women workers.

Apart from these considerations, the authorities in several countries, when planning additional relief work schemes, have made a point of choosing some works particularly calculated to provide openings for women. Reference has been made elsewhere in this report to the institution of employment centres for young unemployed men; the provisions specially applying to such centres for girls are reviewed below. In the preceding chapter, the steps taken to create work for the non-manual unemployed were examined, and it was found that such work could be extended to men and women alike; there is therefore no need to reconsider this question here.

In these circumstances, there is not much additional information available on this subject.

In *Bulgaria* labour service is in theory compulsory for Bulgarian citizens of both sexes. In 1922 an experiment was made with 300 girls from Sofia middle-class families, who were given work as auxiliary employees in Government offices. The idea of compulsory service for women was subsequently abandoned, however, and this service now applies only to men.

In *Estonia* 46,000 crowns were allotted to dressmaking work for women out of a total credit of 760,000 crowns which the Minister of Communications opened for relief work during the winter of 1934-1935.

In *Finland* the communes have organised domestic and other training courses as well as employment in workshops for unemployed women. Instruction includes sewing, weaving and housework. Those taking part receive wages varying according to their individual capability. In the workshops to which entry is entirely voluntary, the women sew and weave and make leather goods. As a general rule, payment is by the piece or by the task accomplished, each woman receiving wages corresponding to the work she does. Hours of work in both the courses and the workshops are on an average 36 to 46 per week. In 1935, the classes and workshops were attended by 1,443 women and the subsidy granted by the State amounted to 827,781 marks, i.e. a little less than half of the net expenditure involved.

In *Germany*, girls have to perform compulsory labour service; but hitherto the obligation has been applied in practice only to those wishing to enter the universities, and the voluntary labour centres are therefore still the form of service provided for unemployed girls. There are three types of centres. Of these, the centres for domestic work and social assistance, established in the neighbourhood of towns, aim primarily at making young townswomen, and especially girls coming from industrial or commercial occupations, familiar with all kinds of domestic work, including gardening and stock raising on a small scale. The volunteers are also engaged in social work entrusted to them by the poor relief administration, such as the mending of clothing for the poor, help with soup kitchens, and assistance to mothers of families and to unemployed persons living in suburban settlements. According to a Circular issued in 1934, each centre of this type was to comprise about 50 volunteers.

The object of a second type, the rural centres, according to the same Circular, is to train girls for country life and agricultural work. To this end groups of about 30 volunteers are established on farms which they work themselves under competent management, attempting to produce on the spot all the food necessary for the livelihood of the group. The volunteers may also be detached, for not more than six hours in the day, to neighbouring farms for the purpose of gaining direct experience of the life and work of peasant families; this should facilitate their employment later on in agriculture, either as "farm assistants" or in jobs of the usual type.

Finally, centres for assistance to settlers have between 10 and 20 volunteers. They are established in districts where land settlement schemes are being carried out. Besides the work in the centre itself, the volunteers collaborate in the settlement work by assisting the settlers in all domestic and agricultural tasks.

In March 1936 there were about 400 centres, comprising some 11,000 girl volunteers between 17 and 25 years of age. Their principal occupations were aiding the wives of settlers in house work, and social service. Aid to settlers accounted for four-fifths of all their work.

The girls in the camps receive only 20 pfennigs a day in cash (the rate in the young men's camps is 25 pfennigs).

In the *Netherlands* special employment centres for young men and girls out of employment have been established by the National Board for Unemployed Youth; the work done includes house work, washing, sewing, mending, etc.

In *Poland* a number of girls and young women without employment are engaged on farm work in agricultural centres or on house work, sewing, knitting, bookbinding and library work (the preparation of a circulating library service and the sorting of books), etc. On 1 January 1935 there were 671 girls in these centres.

In the *United States* included under the Federal Emergency Relief Administration was a programme for women's work. This has now been absorbed by the Works Progress Administration. Every able-bodied woman on relief who is a bread-winner for her family and who is dependent on her own efforts for a livelihood comes within the scope of this programme.

The responsibility of the Women's Division of the WPA is to maintain a constant watchfulness so that women may be given equal consideration with men in the planning of projects and in opportunities to work. The women work the same number of hours as men on relief work and receive equal pay.

There have been appointed state directors of women's work, who are themselves women, and who initiate projects, collaborate on general plans and see that the actual programme gives work to a fair number of women, treats them fairly and includes projects that will be of benefit to women on relief rolls.

In each State the director works out general outlines of the work programme and the plans for state-wide projects. Those projects which are chosen to provide work for women are submitted for approval to the Director of the Women's Division of the WPA. The local authorities on the basis of plans thus drafted initiate specific projects.

Many projects have been initiated requiring the work of educated women but these have been covered in the preceding chapter. The bulk of the programme for less skilled workers consists of such work as sewing, food preparation and conservation, general home making and the care of the sick. Women are taught, either in classes or in their own homes, more efficient methods of house-keeping, especially house-keeping on low incomes.

Sewing has given employment to many women who have lost their place in industry and to many untrained women. These women make necessary household articles and clothing for distribution to the needy and as a result of their experience in the work-rooms many women are enabled to make clothing for their own families. The work to a great extent involves the repair of old garments. Women have in many cases so improved their skill that they are capable of holding a regular job in industry. In February 1935, 128,523 women relief workers were engaged on sewing projects. Another important feature was the making of bed clothing and mattresses for distribution to relief families. A total number of one million mattresses was thus produced and 1½ million quilts.

In February 1935, 8,291 women were employed on various nutrition projects, one of which was the preparation of lunches for school children from relief families. Many women who assist in this work learn how to prepare wholesome food for their own families. The greatest single activity that provided food was the canning programme. Canning centres were set up all over the country and the great majority of workers were women. In October 1934 no less than 26,400 women were being paid by the State Relief Adminis-

trations for their work in these centres. The women included natives of Italy, Poland, Lithuania, Syria, France, Ireland, England, Belgium, Sweden, Germany, Scotland, as well as native Americans.

Book repair is an important phase of the library work carried on by women.

Women have played a large part in the cultivation of home gardens raised from seeds provided by the Relief Administration, and in many places women on relief rolls were employed for the care of community gardens.

In Florida women have been employed on planting county court house grounds with shrubs. Others were engaged in nursery work for road and town beautification under able direction. In North Carolina one hundred women were put to work weeding and otherwise caring for a municipal golf course. In Alabama women did sodding work along highways to prevent the erosion of soil. In California women were employed in digging weeds and destroying the roots.

By May 1936 the women's division of the WPA had given employment to 410,000 women.

*Conclusion.* — Public works programmes which are not confined to the construction of buildings, bridges, roads, canals, drainage systems, etc., and those which involve supplies from such industries as engineering, clothing, textiles, etc., may provide direct employment for a large number of women. Special relief works may also prove satisfactory as a means of occupying large numbers of unemployed women at work corresponding to their qualifications. The proceedings of the International Labour Conference might contribute towards the general adoption of measures of the kind taken in this field in a number of countries.

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## **A SCHEME OF INTERNATIONAL COLLABORATION : THE EXCHANGE OF INFORMATION AND EXPERIENCE ON PUBLIC WORKS**

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It seems to follow from the preceding chapters that a scheme of international collaboration for the exchange of information and experience on public works is desirable. It is for that reason that the Office has dealt with that question in this part of the Report. In the first place, information is given on the regular sources of information available in each country, and in the second place suggestions are made as to possible methods of organising the international collaboration by the drafting of a uniform plan for the supply of information and the creation of machinery for the study and co-ordination of public works policies in the various countries.

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## CHAPTER XIII

### NATIONAL SOURCES OF INFORMATION

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The organisation of public works in most countries is in the hands of numerous authorities often practically independent of one another; as a result, the information concerning the schemes they undertake and the orders they distribute is either scattered in many different publications or is not published at all.

The extent to which such information lacks uniformity may be clearly seen from the studies on the question of public works<sup>1</sup> published by the International Labour Office and the League of Nations in recent years. Despite the fact that some of this work is based on an enquiry which Governments themselves carried out at the request of the international institutions, the information available is so incomplete and of so little use for comparative purposes that it is difficult to draw general conclusions from it.

This was the view expressed in June 1936 by the experts who, at the request of the Advisory and Technical Commission for Communications and Transit of the League of Nations, examined the information collected for the above-mentioned enquiry, but they added that this information, and the opinions expressed on the subject by the Governments themselves, left no doubt that public works had had a favourable influence on national economic conditions and on unemployment.<sup>2</sup>

The following schedule contains, for every country for which the Office has been able to collect data, the name of the principal publication or publications containing information on public works, with some remarks as to the nature of the information given. Only regular official publications are included; those which appear otherwise than periodically, and which therefore cannot be relied upon for continuous

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<sup>1</sup> Cf. in particular INTERNATIONAL LABOUR OFFICE, Studies and Reports, Series C: No. 15, *Unemployment and Public Works*, Geneva, 1931, and No. 19, *Public Works Policy*, Geneva, 1935; LEAGUE OF NATIONS, ORGANISATION FOR COMMUNICATIONS AND TRANSIT, *National Public Works*, Geneva, 1934, and *National Public Works: Addendum*, Geneva, 1935.

<sup>2</sup> The text of the experts' report is given in Appendix I.

information, are not given. No claim to completeness is put forward, and it is hoped that the mere fact of publishing this list will result in the communication of supplementary data; but, despite this qualification, it shows clearly enough how much remains to be done both nationally and internationally if a clear view of the public works problem is to be obtained and if a policy of advance planning is to take the place of the haphazard methods now employed.

## SCHEDULE OF SOURCES OF INFORMATION ON PUBLIC WORKS

### AUSTRALIA

#### *Commonwealth*

1. *Finance Bulletin*. Issued by the Commonwealth Bureau of Census and Statistics.
2. *Quarterly Summary of Australian Statistics*. Issued by the Commonwealth Bureau of Census and Statistics. Contains summaries of expenditure by Commonwealth and State Governments on public works.
3. *Labour Report*. Issued annually by the Commonwealth Bureau of Census and Statistics. Contains brief notes on unemployment relief works.
4. *Year-Book of the Commonwealth of Australia*. Gives statistics of Commonwealth and State expenditure from loan and from revenue and includes particulars of expenditure on roads, bridges and railways.

#### *New South Wales*

1. *New South Wales Industrial Gazette*. Issued monthly by the Department of Labour and Industry. Gives numbers employed on relief works and the general conditions of employment on certain relief works.
2. *Annual Report of the Department of Public Works*.

#### *Queensland*

1. *Annual Report of the Department of Public Works*.
2. *Annual Report of the Under-Secretary, Department of Labour and Industry, upon the operations and proceedings under the Income (Unemployment Relief) Tax Acts*. Contains details of works undertaken as an unemployment relief measure.
3. *Annual Financial Statement of the Premier and Treasurer*.

#### *South Australia*

*Report of the Unemployment Relief Council*. (Quarterly). Contains information on unemployment relief works and land settlement schemes.

#### *Victoria*

*Report of the Employment Council* (Quarterly). Contains information on unemployment relief works.

### AUSTRIA

1. *Die Amtstätigkeit der Gewerbe-Inspektorate*, Vienna. Annual report containing information on public works undertaken as a means of combating unemployment.
2. *Amtliche Nachrichten des Bundesministeriums für soziale Verwaltung*.

## BELGIUM

1. *Annuaire statistique de la Belgique et du Congo belge*. Statistical year-book published by the Central Statistical Office (*Office central de statistique*). Contains data concerning the sums spent on the improvement of local roads, drainage, etc., distinguishing the work in respect of which a Government subsidy was paid. The information contained in the Year-Book for 1935 relates to the years 1932 and 1933 only.

2. *Annales des travaux publics*. "Annals of Public Works", published by the Ministry of Public Works (*Ministère des travaux publics*). Largely a collection of articles concerning technical problems of civil engineering which have arisen in connection with certain works.

3. The fullest information on public works in Belgium is to be found in certain documents appended to the Parliamentary records.

## CANADA

1. *Annual Report of the Minister of Public Works*. — Annual report of the works under his control, which includes detailed reports from the Chief Engineer, Superintendent of Telegraphs, Representative of the Treasury, and statistics of receipts and disbursements.

2. *Annual Report of the Dominion Commissioner of Unemployment Relief*. — Information referring to administration of Relief Acts, including full statement of expenditures, guarantees and obligations.

3. *Labour Gazette*. (Monthly). — Contains from time to time information on public works.

## CHILE

*Estadística chilena*. — Issued monthly by the General Statistical Directorate. Gives the monthly and annual expenditure on public works.

## CHINA

*Report by the Committee of Experts on Hydraulic and Road Questions in China*. 1936. Published by the League of Nations.

*Annual Report of the National Economic Council*.

## CZECHOSLOVAKIA

*Soziale Revue*. — Review published by the Ministry of Social Welfare. Gives information at irregular intervals on various aspects of public works.

## DENMARK

*Social Tidsskrift*. — Monthly review published by a committee under the Ministry of Social Affairs.

Gives information at irregular intervals on various aspects of public works organised with a view to combating unemployment.

*Statistisk Aarbog for Danmark*. — Year-book published by the Statistical Department (*Det Statistiske Departement*). Contains information on expenditure on public works.

*Indberetning til Socialministeriet om Arbejdsanvisningen og Arbejdsløshedsforsikringen m.m.* — Annual report of the Director of Labour, containing among other things information on public works organised with a view to combating unemployment.

## ESTONIA

*Eesti Statistika*. — Issued monthly by the Central Statistical Office. Contains regular statistics of the number of unemployed persons occupied on public works.

FINLAND

1. *Sosiaalinen Aikakauskirja - Social Tidskrift* (monthly). Review of the Ministry of Social Affairs containing regular statistics on the number of unemployed persons engaged on public works.
2. *Bank of Finland Monthly Bulletin*. — Monthly publication of the Bank of Finland.

FRANCE

1. *Bulletin du Ministère du Travail et de la Prévoyance sociale*. — Quarterly bulletin of the Ministry of Labour and Social Welfare. Contains texts of Acts, Decrees, and circulars.
2. *Dispositions législatives et administratives du plan des grands travaux contre le chômage*. September 1934, 73 pp. Legislative and administrative provisions concerning the plan for large-scale public works to combat unemployment, published by the Ministry of Labour.
3. *Bulletin du marché du travail*. — Weekly employment bulletin, containing a weekly summary of placing activity and of the numbers of posts vacant and required in the different occupations, including the building and public works industries; and a monthly summary, for the different industries, of staffs and hours of work in the large undertakings.
4. *Rapport annuel de la Commission des Finances, Chambre des députés* (Imprimerie de la Chambre des députés). Annual report of the Finance Committee of the Chamber of Deputies.
5. *Rapport annuel de la Commission des Finances, Sénat, sur le budget* (Imprimerie du Sénat). The Finance Committee of the Senate publishes a separate report on the financial year for each Ministry; special reference should be made to that relating to the Ministry of Public Works (*Ministère des travaux publics*).
6. *Ministère des travaux publics: Annuaire*. — Year-book of the Ministry of Public Works.
7. *Rapports présentés au Conseil national économique sur le problème d'outillage national* (cf. in particular *Journal Officiel*, 24 March 1927, 15 September 1927, 28 April 1928, 17 January 1929, 5 January 1930, 7 June 1930, 26 February 1931, 13 December 1931, 17 November 1932). These are reports on national equipment submitted to the National Economic Council.

GERMANY

1. *Deutscher Reichsanzeiger und Preussischer Staatsanzeiger*. Berlin. German and Prussian Official Gazette.
2. *Reichsarbeitsblatt*. Berlin. The official organ of the Ministry of Labour; appears three times a month; contains the texts of the most important Acts and Orders, and articles commenting on legislative measures.
3. *Wochenbericht des Instituts für Konjunkturforschung*.
4. *Vierteljahrshefte zur Konjunkturforschung*. — Respectively the weekly and quarterly organs of the Institute for Business Research, Berlin.
5. *Wirtschaft und Statistik*. Berlin. Publishes statistics relating to public works, at intervals.

GREAT BRITAIN

1. *Annual Report of the Ministry of Health*. — Contains details of Government subsidies and loans to local authorities, and of expenditure by local authorities on capital and revenue account.
2. *Statistical Abstract of the United Kingdom*. — Contains statements of State loans and of expenditure by local authorities on public works and services.

3. Ministry of Transport : *Report on the Administration of the Road Fund* (annual).

4. *Annual Report of the Forestry Commissioners*. — Contains information on forestry operations and on the Forest Fund Account, and statistics of persons employed in the Commission's forests.

5. *Annual Report of the Public Works Loan Board*. — Contains details of loans granted by the Public Works Loan Board to local authorities, public utility societies, companies and private individuals.

6. Ministry of Health : *Housing*. Series of half-yearly returns showing the progress in dealing with housing in England and Wales.

### British Colonies

*Annual Reports of the Colonial Development Advisory Committee*. — Contains information on schemes of colonial development and of the assistance granted from the Colonial Development Fund.

### GREECE

*Στατιστική τῶν δημοσίων ἔργων τῶν συντελεθέντων ἀπὸ τοῦ ἔτους 1929 μέχρι 1933*. — Statistics relating to public works carried out in the years 1929-1933, published by the Ministry of Public Works (*Ἰνουργεῖον τῶν Δημοσίων ἔργων*).

### HAITI

*Rapport annuel de l'ingénieur en chef, Port au Prince*. Annual reports of the Chief Engineer published by the General Directorate for Public Works (*Direction générale des travaux publics*).

### ITALY

1. *Annali dei Lavori Pubblici* (formerly "Gironale del Genio Civile"). Monthly, published by the Higher Council of the Ministry of Public Works (*Consiglio Superiore del Ministero dei Lavori Pubblici*).

2. *Annuario dei Lavori Pubblici*. — Year-book published by the Ministry of Public Works.

3. *Opere pubbliche, 1922-1932*. Rome, 1933. "Public Works, 1922-1932", published by the Ministry of Public Works.

4. *Annuario Statistico Italiano*. — Year-book published by the Central Statistical Office (*Istituto Centrale Statistica*).

5. *Le opere pubbliche nel secondo decennio del Regime Fascista*. Rome, 1933. "Public Works in the Second Decade of the Fascist Regime", published by the Ministry of Public Works.

### JAPAN

*Statistical Annual of the Japanese Empire*. Gives budget figures on public works undertaken by the Government.

### LATVIA

1. *Menesa Biletens*. — Monthly bulletin of the State Statistical Office. Gives regular information on the number of unemployed persons occupied on public works.

2. *Annuaire statistique de Lettonie*. — Year-book containing the same data as the monthly bulletin, and also information on the expenditure on public works.

LITHUANIA

*Statistikos Biuletenis*. — Organ of the Central Statistical Office.

Gives from time to time the number of unemployed persons occupied on public works.

NETHERLANDS

1. *Maandschrift van het Centraal Bureau voor Statistiek*. — Monthly organ of the Central Statistical Office.

2. Records of Parliamentary debates on the public works estimates.

NEW ZEALAND

1. *Annual Public Works Statement by the Minister of Public Works*. — Gives details of activities and expenditure of the Public Works Department.

2. *Annual Report of the Unemployment Board*. — Gives information on unemployment relief works.

3. *New Zealand Official Year-Book*. — Gives statistics of State and local government expenditure and information on unemployment relief works.

POLAND

1. The annual reports of the Employment Fund give very full information from every point of view concerning the works financed by the Fund.

2. *Wiadomości statystyczne* ("Statistical Information").

*Statystyka Praey* ("Labour Statistics").

*Maly rocznik statystyczny* ("Little Statistical Year-Book"). Two quarterlies and a year-book published by the Statistical Office, which give the number of persons occupied on public works.

PORTUGAL

*Boletim do Commissariado do Desemprego*. — Quarterly bulletin of the Ministry of Public Works and Communications. Contains regular information on the administration of the Unemployment Fund and on the public works subsidised by it; enumerates the works in hand in each district of the country, indicating the total sums spent, the subsidies granted by the Unemployment Fund, and the public authorities or services which supervise the works or on behalf of which they are carried out. No information is given as regards public works not subsidised by the Unemployment Fund.

SWEDEN

1. *Sociala Meddelanden*. — Monthly review published by the Royal Social Board (*Socialstyrelsen*): Gives information at irregular intervals on various aspects of public works organised with a view to combating unemployment.

2. *Statistisk Årsbok*. — Year-book published by the Central Statistical Office (*Statistiska Centralbyrån*). Contains information on expenditure on public works.

3. *Kungl. Maj:ts proposition nr 211.1933 till riksdagen angående anslag till arbeten till motverkande av arbetslösheten*. — Government Bill to the 1933 Session of the Riksdag concerning credits for public works organised for the combating of unemployment; it contains among other things, as appendices, memoranda on so called "advanced public works" (*beredskapsarbeten*) and an inventory of works considered suitable to be carried out as such.

4. *Allmänna arbeten för arbetslöshetens bekämpande i Sverige 1929-1934.* — Statens offentliga utredningar 1944:44. Redogörelse utarbetad inom Socialdepartementet. Stockholm 1934. A revised edition in Swedish of the report on public works carried out in the period 1929 to 1934 with a view to combating unemployment, which the Swedish Ministry of Social Affairs submitted to the Secretary-General of the League of Nations.

5. *Bilaga till 1933 års statsverksproposition. Inkomster.* Stockholm. Appendix to Budget Estimates for the financial year 1935/1936, containing among other things an exposé by the Minister of Finance of the economic situation and the general principles of the Government's expansionist policy.

6. *Kungl. Maj: ts proposition nr. 231, 1935 till riksdagen angående anslag till statliga och kommunala beredskapsarbeten m.m.* — Government Bill to the 1935 Session of the Riksdag concerning credits for "advanced public works" (State and Communal) during the financial year 1935/1936.

7. *Kungl. Maj: ts proposition nr 232, 1935 till riksdagen angående anslag till Statens arbetslöshetskommission, kontantunderstödsverksamhet, statliga och kommunala reservarbeten m.m.* — Government Bill to the 1935 Session of the Riksdag concerning credits for the National Unemployment Commission and its organisation of State and Communal relief works, etc.

8. *Bilaga till 1935 års statsverksproposition. Inkomster.* Stockholm 1936. — Appendix to Budget Estimates for the financial year 1936/1937, containing among other things a statement by the Minister of Finance on the financial aspects of the public works policy.

9. *Kungl. Maj: ts proposition nr. 19, 1936 till riksdagen angående förståtkning av vissa anslag under femte huvudtiteln.* — Government Bill to the 1936 Session of the Riksdag concerning additional credits for the Ministry of Social Affairs; the Bill includes a report from the National Unemployment Commission on its activities up to the end of October 1935 and on its budget estimates for the year 1936/1937.

10. *Kungl. Maj: ts proposition nr. 265, 1936 till riksdagen angående anslag till statliga och kommunala beredskapsarbeten m.m.* — Government Bill to the 1936 Session of the Riksdag concerning credits for the organisation of State and Communal "advanced public works" during the financial year 1936/1937.

11. *Kungl. Maj: ts proposition nr. 266, 1936 angående anslag till Statens arbetslöshetskommission, reservarbeten och kontantunderstödsverksamhet m.m.* — Government Bill to the 1936 Session of the Riksdag concerning credits for the National Unemployment Commission and its organisation of relief works, etc.

12. *Svensk arbetslöshetspolitik åren 1914-1935.* Redogörelse utarbetad inom Socialdepartementet. Stockholm 1936. — A revised and completed Swedish edition of the report on "Swedish Unemployment Policy during the years 1914 to 1935", which was submitted to the 6th International Congress of Local Authorities in Berlin, 8-13 June 1936, by the Ministry of Social Affairs (*Socialdepartementet*).

13. *Statens Arbetslöshetskommissions översikt över hjälpverksamheten för arbetslösa under .... månad ....* — The monthly reports of the National Unemployment Commission (*Statens Arbetslöshetskommission*).

#### SWITZERLAND

1. *Recueil des lois fédérales.* — *Eidgenössische Gesetzsammlung.* — Collection of laws giving the texts of Acts, Decrees and Orders promulgated by the Federal authorities.

2. *Feuille fédérale.* — *Bundesblatt.* — Federal Gazette. Contains the explanatory memoranda prefaced to the different measures issued by the Federal authorities; cf. in particular the number of 17 October 1934, which contains the memorandum relating to the creation of openings for employment and other means of combating the depression.

3. *La vie économique. — Die Volkswirtschaft.* — Monthly organ of the Federal Department of National Economy. Contains information relating to building permits.

4. *Rapports du Conseil fédéral à l'Assemblée fédérale sur sa gestion. — Berichte des Schweizerischen Bundesrats an die Bundesversammlung über seine Geschäftsführung.* — Annual reports of the Federal Council to the Federal Assembly containing information on the works taken in hand with a view to combating unemployment, in the chapter dealing with the activity of the Federal Department of National Economy.

#### UNION OF SOUTH AFRICA

*Official Year-Book of the Union of South Africa.* — Gives statistics of the expenditure of the Government and of provincial administrations from loan and revenue; also information on unemployment relief works.

#### UNITED STATES OF AMERICA

1. *United States Government Manual.* — An outline of the functions and organisation of the Federal Government agencies, both permanent and of emergency character, currently revised.

2. *Report on the Works Programme.* 16 March 1936. General summary of operations under the Works Programme giving expansion of the programme as a whole, distribution of available funds, experiences of participating agencies and provisions governing operations of the programme, with detailed statistics.

3. *Monthly Labor Review.* — Publication of the United States Department of Labor, Bureau of Labor Statistics. Contains regular articles on public works operations and on employment created by the same.

4. *Reports of National Resources Board, 1934-1935.* — A review of the activities and progress of State Planning Boards.

5. *United States Treasury Department Report,* showing the financial status of Funds provided in the Emergency Relief Appropriation Act of 1935. as of 30 June 1936.

#### YUGOSLAVIA

*Statistika izvršenik tehničkih radova.* — Statistics of public works published by the Ministry of Public Works (*Ministarstvo Gradjevna*). Contains full information on the public works carried out or taken in hand by the Ministry of Public Works.



## CHAPTER XIV

### ESTABLISHMENT OF A PLAN FOR INTERNATIONAL REPORTS AND CONSULTATION

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Despite its brevity, the wisdom of the Recommendation which the International Labour Conference adopted at Washington as long ago as 1919 can hardly be doubted to-day ; but there is no escaping the fact that full enforcement of the policy suggested there would require the creation of national bodies which could co-ordinate the often divergent efforts of the various departments and authorities, and also the elaboration of machinery for the international centralisation of information and for international consultation, without which there is a danger that the public works programmes of the different countries will be conceived and executed in complete independence of one another, and may even find themselves in mutual opposition.

The first of these problems — the establishment and the functions of national co-ordinating bodies — has been dealt with in Chapter III, section 1, of this report. The second — the methods of international collaboration in the field of public works — will now be discussed.

Two essential questions arise :

(i) what sort of information would conduce to obtaining a general view of the public works undertaken or projected in the different countries — in other words, what plan should be adopted for the uniform supply of information ;

(ii) how should the information thus collected be used, and how should it be brought to the knowledge of the Governments concerned ?

## § 1. — Adoption of a Uniform Plan for the Supply of Information.

If a clear view is to be obtained of the efforts made and the results obtained nationally in the field of public works, it is essential to have systematic and, so far as possible, comparable data. These desiderata necessarily imply the adoption of a uniform plan, which Governments willing to adhere to the future international regulations would undertake to follow as closely as possible in respect of both the frequency and the contents of the reports made.

### 1. FREQUENCY OF REPORTS

Clearly, the question of the intervals separating each report for international purposes is to a large extent settled in advance by the frequency with which public authorities in the various countries report on the work done at their expense or under their supervision; there can be no question of departing here from the most usual established practices. For budgetary if for no other reasons, information of this sort is generally published at least once a year; indeed it would lose much of its interest and of its exemplary value if the intervening periods were longer.

For practical reasons, therefore, the Office suggests that Governments should communicate at intervals of not longer than a year the information they are able to supply regarding their public works. This should not exclude the possibility of sending reports at shorter intervals whenever additional facts seem to deserve more rapid communication to the other States concerned in the scheme.

### 2. NATURE OF REPORTS

If the data provided are to serve as a genuinely useful basis for the co-ordination of different schemes, they must be both systematic and comparable.

This necessarily involves a somewhat detailed plan for the supply of information, which would undoubtedly require no small effort on the part of the States which accept it; for they would first of all have to obtain the information which they are asked to pass on. But one of the principal

merits of all international collaboration is its stimulating effect on national practice ; and in this case each Government, in order to inform the others of its public works activity, would have to begin by finding out more exactly than is now the case what is being done at home.

What, then, should be the scope and nature of the information which Governments would undertake to supply ?

### *Scope of the Information*

A point which arises at the outset is the definition of the " public works " with which the contemplated international reports should deal. In the Office's view this should cover all types of public works and not only those undertaken specially to provide occupation for the unemployed.

Both the Washington Recommendation and the various resolutions relating to public works which the International Labour Conference has since adopted <sup>1</sup> apply to public works as a whole. The subject of the desired international collaboration is primarily the suitable timing of all public works normally undertaken by the public authorities and only secondarily the organisation of relief works intended to occupy the unemployed under more or less abnormal economic and employment conditions in periods of general depression. The main problem for consideration is therefore the date and speed of execution of these normal public works. Relief works are, however, by no means excluded ; they sometimes have a considerable effect on the general question of timing public works as a whole. Moreover, it is not always easy to distinguish them from normal works and the criteria used may differ from country to country.

This question of definition also raises various other points. First of all, should the uniform plan be confined to " large-scale " public works schemes of a more or less exceptional type ? Or should not all works in hand, whatever their extent, great and small alike, be included ?

Secondly, should the term " public works " be limited to works involving the creation of a workplace, or be extended to include work on orders for plant, equipment, and supplies ordered by public authorities ? Co-ordination in the sphere

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<sup>1</sup> Summarised in the introduction to this report.

of orders for public supplies, like co-ordination of public works in the narrow sense, can undoubtedly exert a regulating influence on the degree of activity of the various industries. The International Labour Conference should therefore consider whether, with a view to the drafting of a uniform plan for the supply of information, the definition of public works should not include orders for plant, equipment and supplies.

Next, as regards countries with colonial territories, comes the question of geographical limitation : should a Government report merely on the public works carried out within the frontiers of the home country, or should the plan also cover public works carried out in colonies, mandated territories, and other dependencies ?

Public works may further be distinguished according to the type of public body which undertakes them. Should the plan confine itself to works undertaken by the central authorities, in other words, to national public works ? Such a limitation would appear to reduce very considerably both the field covered and the efficacy of the policy which the plan is intended to facilitate ; for works undertaken or ordered by regional and local authorities often form a much greater aggregate than national schemes, and, being scattered geographically, they constitute a more effective means of reducing unemployment than such schemes, which often involve the transfer of much labour.

It is true that the greater the independence of the regional and local authorities, the more difficult is it for a central Government to have exact information concerning all the public works which such authorities put in hand ; but many of these works are undertaken only with permits, subsidies, or loans from the central Government, and in such cases the latter has the facts at its disposal.

The same remark applies also when the body which undertakes the work or gives the contract is not a public authority but a private organisation or an individual receiving a State subsidy, loan, or guarantee (a building society, for instance), or a public utility undertaking.

The above considerations make it clear that the Conference should decide whether the proposed plan for the supply of information could and should be extended to include public works and work on supplies for regional and local authorities

(at least in so far as the central authorities have any control over them), and not be limited to works and supplies for the central Government itself.

A further step would be the extension of the plan — again with the above reservation — to works and supplies for public utility undertakings and any other private undertakings the timing of whose work is under Government control.

In order to facilitate an international comparison of the information supplied, it would be advisable to propose that Governments should classify public works uniformly under certain general heads. Such a classification might be based on the list drawn up jointly by the competent services of the League of Nations and the International Labour Office, which was used in the questionnaire addressed to Governments by the Communications and Transit Organisation of the League in 1934.<sup>1</sup> It is as follows :

- (a) Roads and bridges ;
- (b) Railway lines, including tramways, metropolitan railways, etc. (if possible, mention the more important construction works separately) ;
- (c) Complete agricultural land reclamation (drainage, irrigation, construction of dwelling-houses and various new buildings, or establishment of entire new settlements, country roads and other works connected with land settlement) ;
- (d) Canals and other inland waterways (including improvement work on rivers, defensive work against floods, etc.) (work not already included under (c)) ;
- (e) Land improvement work, bringing of new land under cultivation, reforestation, etc. (work not already included under (c)) ;
- (f) Provision of drinking-water supplies and sewage disposal (work not already included under (c)) ;
- (g) Work carried out in sea and river ports, including mechanical equipment of such ports ;
- (h) Work for the establishment of air ports ;

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<sup>1</sup> Cf. LEAGUE OF NATIONS, Organisation for Communications and Transit, *op. cit.*

- (i) Building and construction work forming part of a general plan and carried out (or to be carried out) with the participation or approval of public authorities, classified according to category (administrative buildings, dwelling-houses, etc.) (work not already included under (c)) ;
- (j) Electric installations, hydro-electric and heating power centres, motive power transmission ;
- (k) Gasworks and long-distance gas supply ;
- (l) Telegraph and telephone installations, wireless broadcasting stations ;
- (m) Other work.

Further, it would be advisable to consider asking for information as regards the body giving the contract or order (central, regional or local authority, public utility undertaking, body or person receiving a subsidy or loan from the authorities).

#### *Nature of the Information*

Once agreement has been reached concerning the type of works which the Governments' reports should cover the nature of the information which should be provided must be determined. It is clear at the outset that there can be no question of asking for a mass of analytical data, the very abundance of which would make them valueless for international purposes. The information to be supplied by Governments must necessarily be in summarised form. With a view to drawing up the appropriate plan, it is proposed that the International Labour Conference should be asked to consider the following points :

- (1) Information on the general manner in which public works are organised ;
- (2) Summary of information concerning the public works concluded or taken in hand during the period under review ;
- (3) Summary of information concerning the public works to be concluded or undertaken during the succeeding period ;
- (4) Information concerning recruiting, employment, and other conditions relating to labour which are enforced or contemplated.

1. *Information on the general organisation of public works.* — Here Governments would be expected to describe the methods of administration adopted or intended for the public works in question, and any legislative provisions relating to such methods ; in particular, they should describe the methods of co-ordination used by the central authorities, and the working of the body or bodies, if any, for securing co-ordination.

Obviously, once a first report had been sent in, it would be sufficient to indicate any changes which had taken place in the methods used (this remark applies also to the points which follow).

2. *Summary of information on works completed or taken in hand in the period under review.* — Governments would be asked to provide :

(i) a summarised table of these works, classified as far as possible under the heads specified above ;

(ii) information on the cost of the work done, showing separately the expenditure on : wages ; social services (housing and transport of workers, social insurance, etc.) ; equipment and materials ; overhead charges ;

(iii) information on the methods of financing, indicating in particular whether expenditure was met out of the national budget, or that of the regional or local authorities or other public bodies, or by means of a loan (internal or foreign), or by any other means ; in the case of a loan information should be given concerning the security for the loan, the method of redemption contemplated, etc. ;

(iv) information on the volume of employment (the number of man-days) directly provided by the works in question, distinguishing, if possible, between unskilled workers, skilled workers, supervisory staff and salaried employees ; perhaps it might also be considered useful to ask for estimates of the employment indirectly created by public works in industries providing the raw materials or equipment they need.

3. *Summary of information concerning the work still in hand, or ordered or planned for the succeeding period.* — Here the reports should include information on the same points as are set out above under 2, though in this case it would consist for the most part of estimates.

As regards the financing of the work, it would be best to ask for information on the funds already available and on the means by which it was proposed to raise the remainder.

Similarly, it would be of value to have information on the stage reached in the technical preparation of the works contemplated — in other words, the period which would elapse between the decision to carry them out and the date at which they could actually be taken in hand. The reason is that for a policy of planned public works the works must be prepared in advance, both technically and financially; it seems certain that lack of such advance planning has been responsible during the present depression for the tardy undertaking of many public works and their consequent failure to achieve the full effects desired.

4. *Information concerning recruiting, employment, and other conditions relating to labour which are enforced or contemplated.* — In this connection a distinction between normal public works and relief works, where both are undertaken, seems necessary. The questions which arise are:

- (i) the conditions in which workers are recruited;
- (ii) the conditions of employment (hours and wages);
- (iii) any arrangements for the transport and housing of the workers;
- (iv) any regulations concerning the use of machinery, etc.

It must be stated at once that in the Office's opinion the international plan for the supply of information which is outlined above could be regarded as experimental and open to revision in the light of the lessons learned from information actually received.

To this end, it is suggested that, whatever the form of international regulation — a Draft Convention or a Recommendation — which the International Labour Conference may decide to adopt on this subject, the plan should not be included in the body of the regulations, but should be appended. This procedure would facilitate the periodical revision of the plan, the study of which might be entrusted to the international body described in the following section.



## § 2. — Establishment of a Procedure for International Consultation

The international centralisation of information is sure to be of some value even supposing it does no more than permit each Government to compare what it is doing itself with what is done in other countries, and, by obliging Governments to collect information, bring them towards a clearer analysis of their own public works policy. But the natural and most important result of centralisation would be the drawing of joint profit from the facts thus made generally known.

The achievement of this result presupposes the existence of an international body which would not only have to centralise the information sent in by the different Governments, but might also be instructed to draw up a plan of action within whose limits the various national schemes would produce the most effective results.

But the task of such an international body need not be confined to synchronising, more or less at random, the public works undertaken by different countries, each with its own financial resources. On the contrary, international co-ordination is also highly desirable for those public works which are of an international character, either because of their geographical position or because they depend on aid from foreign capital. It was from this point of view that Mr. Albert Thomas, the first Director of the International Labour Office, advocated the adoption of an extensive plan of international public works as long ago as 1931 ; the Office and the competent bodies of the League of Nations have since continued these efforts, which it may be of interest to retrace here.

In January 1931 the Unemployment Committee of the International Labour Office mentioned "the possibility of Governments coming to an agreement through the appropriate organs of the League of Nations with a view to joint execution of extensive public works of an international character." The Director of the Office brought the matter before the Commission of Enquiry for European Union in May 1931 with a detailed survey of the arguments which had led the Unemployment Committee to take this view. He pointed out that the value of such work would be twofold. It would be of direct use to the country in which it was carried out, and it would be

of indirect but not less vital importance to other countries through the substantial improvements provided for all concerned and through the orders for material or equipment and the demand for labour to which it would give rise.

The Commission of Enquiry considered that the main problem was one of finance, and it therefore referred the question to its Committee on Credit Problems, which met at the end of August 1931. The Director of the International Labour Office, who was anxious to submit certain definite proposals, had in the meantime asked all the European countries to state briefly what public works they thought it would be desirable to carry out in the near future in their respective countries, and for which they would be ready to ask for international loans. Practically all the Governments replied and submitted programmes of works representing a total of 550 million man-days of employment and requiring a total credit of 5,000 million gold francs spread over a period of ten to fifteen years.

In the meantime, in July 1931, the Mixed Committee on Unemployment set up by the Commission of Enquiry for European Union also held a meeting. The Committee dealt with the labour aspects of the question, adopting a resolution requesting the Committee on Credit Problems "to investigate urgently the means of securing the permanent international co-operation necessary to facilitate the execution of any works which may be recognised as favourable to the economic development of Europe and to promote for this purpose a policy of long-term credits which may inspire the confidence indispensable to lenders and secure favourable conditions to borrowers."

With regard to the study of the economic and technical value of the various plans, the Committee on Credit Problems proposed that the Council of the League should refer it to the Committee of Enquiry on questions relating to public works and national technical equipment which had been set up meanwhile by the Communications and Transit Organisation (representatives of the International Labour Office to be added for the purpose), and that this Committee should also examine the proposals of the Governments, with special reference to the following points : (a) their economic necessity and their co-ordination with other schemes from a national and European point of view ; (b) their chances of profits and productivity at an early date.

These two resolutions were approved by the Commission of Enquiry for European Union and subsequently by the Twelfth Assembly and the Council of the League of Nations.

On 14 October 1931 the Committee of Enquiry on Public Works and National Technical Equipment, which had been instructed to act as a technical body, held its constituent session and decided to send a circular immediately to all the States Members of the League of Nations and to the U.S.S.R. and Turkey, which at that time were not yet Members, requesting them to submit detailed plans of public works. The Committee held three sessions in 1932, and a fourth in June 1933, at which it examined proposals from some twenty Governments. It noted more particularly certain plans put forward by the Austrian, Bulgarian, Greek, Hungarian, Latvian, Polish and Yugoslav Governments, and recommended them for examination by the Monetary and Economic Conference.<sup>1</sup> According to rough calculations made by the Office on the basis of the very scanty information which some of these plans contained, the programme so far approved would cost about 2,000 million Swiss francs and would provide from 150 million to 200 million man-days of employment. The Committee was prevented by its terms of reference from studying the financial aspect of the proposed operations.

The problem then came before the Council of the League of Nations in May and again in September 1932, when it was decided to transmit the recommendations of the Committee on Public Works to the Preparatory Commission for the Monetary and Economic Conference. The proposals were approved by the economic sub-committee of this Commission and the matter was referred to the monetary sub-committee to deal with questions of finance. On the unanimous recommendation of the representatives of the Committee on Public Works, the International Labour Organisation, and the International Institute of Agriculture, the question of public works was in January 1933 placed on the agenda of the World Monetary and Economic Conference. As the problem of public works has economic and financial aspects, it was recognised at the very outset of the Conference that it should be studied

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<sup>1</sup> LEAGUE OF NATIONS : MONETARY AND ECONOMIC CONFERENCE. *International Questions relating to Public Works. Report submitted by the Committee of Enquiry on Questions relating to Public Works and National Technical Equipment.* (Document C.377. M.186. 1933, VIII.)

by a sub-committee to be set up by the economic committee and the monetary and financial committee of the Conference. The economic committee proceeded to discuss the question and recommended the Officers of the Conference to set up the proposed sub-committee, which should be composed in such a way that the economic and social aspects and the financial aspects of the matter would be equally considered. They suggested that this committee should be convened as soon as circumstances permitted, and the Officers of the Conference therefore decided on 27 July 1933 to authorise their executive committee, when it thought fit, to set up a sub-committee to deal with the question of public works.

In September 1933 the Council of the League, in taking note of the discussions on this subject at the London Conference, expressed the wish that, apart from the question of works involving an appeal for foreign capital, a continuous study of general questions relating to public works financed by States themselves should be undertaken and information thus collected on the experience acquired in the different countries, particularly as regards the effects of such works. In accordance with this desire, to which the Fourteenth Assembly of the League agreed on 7 October 1933, the Secretariat of the League sent to all Governments a questionnaire, drawn up in agreement with the International Labour Office, on 7 March 1934. The information which was received in reply to this questionnaire was published by the Secretariat of the League of Nations in 1934 and 1935,<sup>1</sup> and subsequently submitted to a small committee of experts.

While it is true that the preparatory work which has been carried through, and more particularly the work of the Committee of Enquiry on Public Works and National Equipment, is far from negligible, it must at the same time be admitted that the efforts of the various international organisations have so far borne no practical fruit. This is due, as the experts already quoted state,<sup>2</sup> to two facts: the information hitherto available has not been a sufficient basis for co-ordinated action; and the international collaboration so far attempted has been too intermittent and desultory.

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<sup>1</sup> LEAGUE OF NATIONS : Organisation for Communications and Transit, *Op. cit.*

<sup>2</sup> The full text of the Expert Committee's report is given in an appendix.

Therefore if the International Labour Conference, desirous of creating machinery for the advance planning of public works, adopts regulations under which Governments would, through the International Labour Office, exchange information on their public works activity, another question would have to be decided: should not provision also be made for the establishment of a permanent international committee? The duties of such a body might be:

- (1) to examine the reports, probably annual, which would be drawn up by the International Labour Office on the basis of the information supplied by Governments;
- (2) to draw any appropriate conclusions of general interest;
- (3) to review periodically, and if necessary to suggest the amendment of the plan in accordance with which the information is supplied; and
- (4) to give such advice or exercise such functions as will further effective collaboration in the field of public works.

The various questions which would arise as regards the composition and terms of reference of such a committee are examined below.

#### 1. — COMPOSITION OF AN INTERNATIONAL COMMITTEE ON PUBLIC WORKS

The object of such a committee would be to enable the States taking part in the scheme for exchange of information to benefit jointly from the experience of each; the committee should therefore be composed primarily of representatives of those States which, having accepted the international regulations, have thereby agreed to transmit such information.

But, besides these States, is it also advisable to find places for other Members of the International Labour Organisation which, though they have not yet accepted the regulations, may desire to be associated in the joint scheme, with a view perhaps to subsequent acceptance? For the view may be taken that the wider the collaboration the more effective will it be, so that it would be desirable for as many States as possible to take part in it.

Supposing then that the committee is constituted of representatives of States which are members by reason of their acceptance of the international regulations, and also of other States which have not given any formal undertaking to take part in the work of the committee, should a distinction be made between the rights granted to the representatives of these two groups of States ?

If it is decided that the membership of the committee shall be as indicated in the preceding paragraph, the following question will arise : should the status of member — carrying with it the right to vote — be confined to the representatives of the States which have accepted the international regulations, the representatives of the other States acting simply as observers and in an advisory capacity ?

Next, should persons other than representatives of Governments take part in the work of the committee ? The question arises particularly in regard to the representation of employers and workers. If their representation were judged desirable, it would appear the only practical course to entrust it to delegations from the employers' and workers' groups of the Governing Body of the International Labour Office.

The advisability of associating representatives of certain official international institutions which are particularly interested in public works as an international problem and particularly competent in the matter from different standpoints would also have to be considered : the Communications and Transit Organisation and the Financial and Economic Organisation of the League of Nations, the Bank for International Settlements and the International Institute of Agriculture are instances. Since the representatives of these bodies would be present as experts, they would no doubt act in an advisory capacity only.

Lastly it may also be considered advisable for the committee to be able, in case of need, to consult other experts — financial, economic or technical — whose opinion it desires on any specific question.

## 2. — TERMS OF REFERENCE OF THE COMMITTEE

The questions which may arise in connection with the terms of reference of the committee remain to be considered.

### *Utilisation of the Information Received*

The first regular duty of the committee might be to examine the information provided by Governments in accordance with the plan for the centralisation of information described above. Apart from the mutually instructive nature of such an examination, it might help to bring about such co-ordination as was possible between the public works plans proposed by different countries and thus contribute towards the linking of the national schemes in a coherent international whole.

As regards methods, each session of the committee might well terminate with the adoption of a report for submission either to all the States Members of the Organisation or to those which had accepted the international regulations.

### *Revision of the Uniform Plan for the Supply of Information and Expression of Views on its Application*

The plan for centralising information outlined above might be considered as an experiment, its success depending on the ability of Governments to obtain for themselves the information they had undertaken to supply. Experience will perhaps prove that on certain points information suitable for international use is impossible to provide, whereas on others (perhaps insufficiently stressed in the plan) additional information would be of value.

### *Expression of Views on the Application of the International Regulations*

These views might cover :

1. The application of the regulations themselves ; and also
2. Any particular questions which had been raised by States Members individually or jointly.

### *Powers regarding International Public Works*

The establishment of a permanent body such as that considered here would probably facilitate the execution of international schemes, for both the technical problems and the problems of financial collaboration would be more easily solved.

If it were possible for the committee to examine specific international public works schemes and give its reasoned opinion on their technical value, their national and international economic utility, and the guarantees they offer to those who lend capital, any plan recommended by it — an international body acting in an undoubtedly impartial and objective manner — would have a much improved chance of obtaining the necessary capital, particularly in a time of depression when a great deal of money is lying idle.

This idea, which was expounded by Mr. Oersted, Employers' Vice-Chairman of the Governing Body of the International Labour Office, at the World Monetary and Economic Conference in London,<sup>1</sup> seems deserving of consideration by the International Labour Conference as well.

Lastly, whatever powers are specifically allotted to the proposed committee, the Conference may perhaps think fit not to define them in an exclusive way; the new body could then adapt itself to the circumstances arising at subsequent stages of its development.

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<sup>1</sup> Cf. *Journal of the Monetary and Economic Conference*, No. 30, 14 July 1933; and INTERNATIONAL LABOUR OFFICE, *Public Works Policy*, Studies and Reports, Series C., No. 19, p. 152.



## CHAPTER XV

### CONCLUSIONS

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The conclusion to which the above chapters lead is that a policy of advance planning of public works, likely to make employment more regular, can be carried through with a reasonable guarantee of satisfactory results only if it is based on a sufficient knowledge of the relevant facts. If, therefore, a public authority is to be capable of conducting its own works in such a way as to counterbalance the fluctuations of private economy, that authority must not only have a clear and constant view of the volume of public works in hand or in preparation on its whole territory, but must also realise as clearly as possible the effect which these works will have on the employment situation.

Yet, as the first part of this report revealed, the information on public works now available nationally, and *a fortiori* internationally, is most insufficient, except in a few countries which already have co-ordinating systems. As is seen above, there are many reasons for this, some inherent in the very conditions in which public works are often undertaken, their wide distribution over the territory of a State, and the multiplicity of the bodies responsible for them. No doubt some of the factors underlying the lack of systematic, comparable data have an air of permanence because they arise out of the very existence of highly decentralised constitutions. But there are other obstacles born of administrative or budgetary custom — lack of direct relations between different public departments, for instance, or the dispersion of powers and therefore of credits among many different authorities which would, it seems, be overcome by a reform, sometimes a very slight reform, in traditional methods.

If, therefore, a public works policy is to be fully effective, the following conditions should be fulfilled :

1. Governments should take steps to centralise and co-ordinate the information concerning the public works undertaken or planned in their territory ;

2. Further, Governments should agree to communicate to one another periodically the information thus available, and should agree, in presenting such information, to follow a uniform plan, relating in particular to methods of organisation; works carried out, started or planned; conditions of recruiting, employment, and other provisions relating to labour, applied or intended; etc.;

3. In order to benefit jointly from the information thus collected, Governments should agree to co-operate in the work of a permanent international committee, which might be instructed:

- (a) to examine the reports, probably annual, drawn up by the International Labour Office on the basis of the information submitted by Governments;
- (b) to draw any appropriate conclusions of general interest;
- (c) to review periodically, and if necessary to suggest the amendment of the plan in accordance with which the information is submitted; and
- (d) to give such advice or exercise such functions as will further effective collaboration in the field of public works.

# CONSULTATION OF GOVERNMENTS

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*The material collected and analysed in this Report shows that there are two sets of problems — one relating to the national planning of public works, the other to international co-operation in this field. The Office has, therefore, dealt separately with these two sets of problems in the list of points on which Governments might be consulted, starting with the question of international co-operation.*

## FORM OF THE REGULATIONS

1. Adoption of a Draft Convention and/or one or more Recommendations.

## INTERNATIONAL CO-OPERATION CONCERNING PUBLIC WORKS

2. Periodical communication to the International Labour Office of statistical and other information on public works undertaken or planned, including orders for plant, equipment, and supplies.

3. Adoption, for the purposes of such communication, of a joint plan for the supply of information :

(a) Kind of works to be covered by the information :

(i) Works organised, financed or supervised by :

1. Central authorities ;
2. Regional and local authorities ;
3. Colonial authorities ;
4. Public utility undertakings ;
5. Bodies or individuals in receipt of a loan or a grant ;

(ii) Orders for plant, equipment and supplies ;

(iii) Relief works ;

**(b) Kind of information to be supplied :**

- (i) Information on the general planning of public works, and in particular on the working of national institutions for co-ordination or management ;**
  - (ii) General information on the policy of speeding up or postponing public works at the date in question :**
    - 1. Summarised survey of the facts (works completed, in progress, and planned) ;
    - 2. Grounds for the policy pursued ;
  - (iii) For the works carried out during the period under survey (see below, point 4), summarised information on :**
    - 1. The total cost of the works completed, distinguishing between :
      - wages,
      - plant and materials ;
      - other expenses (overhead expenses, housing and transport of workers, social insurance, etc.) ;
    - 2. Methods of financing, including amortisation ;
    - 3. Number of man-days of direct employment on the works, distinguishing if possible between skilled workers, unskilled workers, and salaried employees ;
  - (iv) For works planned for the forthcoming period, summarised information on :**
    - 1. The cost of the proposed works ;
    - 2. The financial resources already available and the proposed methods of financing the remainder of the cost ;
    - 3. The estimated number of man-days of direct employment on the proposed works.
- 4. Intervals at which the information is to be supplied :**
- (a) The same interval (annual ?) for all the information mentioned above ; or**

(b) Other intervals for certain items of information, and, if so, which ?

5. Insertion of the joint plan for the supply of information in the international regulations or the appending of this plan in an annex that can be more easily revised (see below, point 6 (c) (iii)).

6. (a) Appointment of an international public works committee.

(b) Composition of the committee :

- (i) Representation of all the States Members or only of those having approved the international regulations ;
- (ii) Discrimination between the rights of representatives of States having approved and of those not having approved ; e.g. the right to vote for the former ; the right to attend only in an advisory capacity for the latter ;
- (iii) Representation of employers' and workers' organisations by delegates of the Employers' Group and Workers' Group of the Governing Body of the International Labour Office, or otherwise ;
- (iv) Rights of the representatives of employers' and workers' organisations ;
- (v) Consultation of national and international experts.

(c) Terms of reference of the committee :

- (i) To study the information mentioned under point 2 above ;
- (ii) To give its opinion on the application of the international regulations and on public works policy in general ;
- (iii) To review the proposed plan for the supply of information ;
- (iv) To promote international co-operation on public works ;
- (v) Other duties.

## NATIONAL PLANNING OF PUBLIC WORKS

### 7. Application of a planned system of timing public works :

(a) Nature of the system ;

(b) Application of the system to the works of :

(i) Central authorities ;

(ii) Regional and local authorities ;

(iii) Colonial authorities ;

(iv) Public utility undertakings ;

(v) Bodies and individuals in receipt of a grant or a loan.

### 8. Desirability of providing for relief works in addition to normal public works.

### 9. Methods of carrying out the policy of timing public works :

(a) Establishment of a national co-ordinating body :

(i) Its nature and composition ;

(ii) Scope of its functions :

All works referred to under 7 (b) or only some of them, and if so, which ;

(iii) Nature of its functions :

1. Centralisation of all information ;

2. Preparation in advance of plans for works to be reserved for periods of depression ;

3. Selection of works on the basis of their utility from the point of view of the policy pursued and the volume of employment they can give ;

(b) Financial methods of influencing the timing of public works :

(i) In periods of upswing :

1. Setting aside the sums needed for financing certain works which are reserved for a period of depression ;

2. Transfer of unused credits from one year to another ;
3. Restricted recourse to borrowing ;
4. Speeding up of repayment of loans with a view to restoring borrowing power in periods of depression ;

(ii) In periods of depression :

1. Utilisation of reserves ;
2. Issue of loans ;

(iii) Action to influence the works of regional and local authorities, other public bodies, and private undertakings and individuals in receipt of a grant or a loan :

1. Recommendations ;
2. Authorisations to issue loans ;
3. Loans or grants made by the central authority ;

(iv) Establishment of a national body for financing public works :

1. With advisory powers ;
2. With executive powers ;
3. Relations with the body referred to under 9 (a).

10. Necessary connection between public works policy and the monetary policy of the bank of issue.

11. Engagement of labour through public employment exchanges :

(a) Compulsory or optional recourse to exchanges ;

(b) Criteria for engagement :

(i) Vocational qualifications ;

(ii) Nationality ;

(iii) Other criteria (length of time unemployed, family responsibilities, etc.).

12. Remuneration.

Obligation not to pay wages less than those paid locally for similar work.

**13. Use of machinery.**

**14. Special methods of guaranteeing the application of the conditions as to the engagement and employment of labour :**

*(a)* General regulations ;

*(b)* Inclusion of conditions in specifications for tenders.

**15. Employment on public works of certain classes of workers :**

*(a)* Young persons ;

*(b)* Non-manual workers ;

*(c)* Women ;

*(d)* Other categories.

**16. Other points to be dealt with in a Recommendation.**

**17. Inclusion of some of the points considered above in a Draft Convention, and if so, which.**



## APPENDIX I

### COMMUNICATION FROM THE SECRETARY-GENERAL OF THE LEAGUE OF NATIONS

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Geneva, 4 August 1936.

Sir,

In conformity with a decision taken at the Sixteenth Ordinary Session of the Assembly, the Advisory and Technical Committee for Communications and Transit instructed its Chairman to arrange the study, by specially qualified experts, of the documentary material collected on public works, since this would lead to conclusions of general interest. The experts selected for this purpose by the Chairman of the Committee met at Geneva on 20 to 23 June 1936, and examined the material in question. As you know, the International Labour Office was represented at the meeting of experts by Mr. Henri Fuss, head of the Unemployment Section of the Office.

I have the honour to enclose herewith the Report prepared by the experts as a result of their examination.

I have the honour to be,

Sir,

Your obedient servant

The Director,  
International Labour Office.

(Signed) P. AZCARATE  
Acting Secretary-General.

#### Report of the Experts<sup>1</sup>

As stated in the introduction to the volume "National Public Works"<sup>2</sup> the enquiry on national public works was undertaken in consequence of a resolution adopted by the Council of the League of Nations at its seventy-sixth session and a report adopted by the Assembly at its fourteenth session. This enquiry has produced a very considerable volume of documentary material obtained from the Governments of thirty-eight countries, relating to the public works policy pursued in those countries. (See the above-mentioned document and its Addendum.)

The Assembly of the League of Nations at its sixteenth session (September 1935), after taking cognisance of the material collected, asked the Communications and Transit Organisation to have a detailed and systematic examination of that material made by experts in order to enable more detailed enquiries to be pursued in this connection later.

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<sup>1</sup> Cf. League of Nations Document C.276.M.166.1936.VIII. Geneva, 30 June 1936.

<sup>2</sup> Document C.482.M.209.1934.VIII.

In pursuance of this Assembly decision, the Advisory and Technical Committee for Communications and Transit examined the question at its nineteenth session (November 1935) and adopted the following resolution on the subject :

“ The Advisory and Technical Committee :

“ Emphasises the importance of the enquiry undertaken by the Secretariat into the question of national public works ;

“ Highly appreciates the valuable co-operation of the Governments which have enabled the Secretariat, by the copious information they have supplied, to collect documentary material of the first importance in relation to public works completed, in course of execution or under consideration in a very large number of countries ;

“ Taking note of the report of the Second Committee to the Assembly at its sixteenth session on the question of national public works, and of the resolution adopted by the Assembly on the subject :

“ Is of opinion that the examination of the documentary material by experts will undoubtedly prove of great value, since it will lead to conclusions of general interest ;

“ Decides accordingly to instruct its Chairman to organise such a study by a small number of specially qualified experts. ”

In accordance with this resolution of the Committee, its Chairman appointed the following three experts to undertake the examination in question :

M. B. DJOURITCHITCH, former Deputy Minister of Communications of Yugoslavia ;

M. Silvain DREYFUS, Honorary President of the General Council of Roads and Bridges and of the High Council of Public Works of France ;

M. F. L. SCHLINGEMANN, Chief Engineer, Director of the Netherlands “ Rijkswaterstaat ”.

These Experts met at Geneva from June 20th to 23rd, 1936, and drew up the following report as a result of their examination. Their work was based, in particular, on the preliminary statement prepared by the Secretariat, which is attached to this report.

On the proposal of his colleagues, M. Silvain DREYFUS presided over the experts' discussions.

\* \* \*

The Experts consider in the first place that the documentary material obtained is very interesting and instructive. The particulars supplied by the different Governments are, however, difficult to compare with one another, owing on the one hand to their necessarily somewhat wide scope, and on the other to the fact that the countries differ greatly in their structure, their economic situation, their customs and the character of their population. It is therefore not without some hesitation that a few fundamental principles of general value can be enunciated on the basis of this material. Further, it is difficult to formulate practical recommendations intended for all States, because the latter have rarely indicated the reasons for their action.

One of the points brought out by the enquiry is, however, that the majority of the Governments give a definitely favourable opinion as regards the influence of the execution of public works on economic recovery in their countries and on unemployment. In this connection, the Experts consider that, if it is desired to obtain a really satisfactory result, the work undertaken during periods of prosperity should be accelerated rather than slowed down in times of depression. It would, indeed, be desirable to prepare programmes of work in advance in such a way that the operations undertaken in times of depression may not be of an improvised character, which might have unfortunate results on the economic system as a whole. Moreover, the experts recognise that public works in themselves are not sufficient to remedy unemployment and to overcome the depression.

As regards the different aspects of the problems dealt with by the Governments in their replies, in accordance with the questionnaire sent to them, the Experts think it possible to lay down the following general considerations :

### 1. *Administrative Methods*

In the first place, as regards the administrative methods employed, we find that the works are undertaken in most cases either on behalf and by order of the Governments, or by the regional and local administrations, which pay for them with or without State assistance. This assistance chiefly depends on the more or less pronounced national importance of the work to be carried out. Some States, moreover, exact a contribution from the local administrations in respect of certain works. In most cases, unemployment-relief works, owing to their scattered nature, are likely to be of special concern to the local bodies. In certain countries, the Governments intervene only if the local authorities undertake to give preference to work requiring a high proportion of labour, or to utilise material produced within the country, or to complete the works within a stated time.

Works were also undertaken by public establishments, concessionnaires of public services, or special bodies set up to combat unemployment. Lastly, the Experts note that official organs for the co-ordination and supervision of public works have been created, particularly when the State shares in the financing of the operations.

The works themselves are carried out either under contract or directly by the authorities. In both cases, special rules are sometimes laid down regarding the labour to be employed.

### 2. *Methods of Financing*

As regards the financing of public works, we find that the capital employed for carrying them out is derived in most cases either from loans subscribed for out of private savings or from the budget resources constituted by the current revenue of the communities. In addition, in several States, special funds constituted by means of specific taxes, subsidies or other financial devices have been created for the execution of certain public works.

### 3. *Allocation of Expenditure between Labour and Other Costs*

As regards the question of the allocation of expenditure between labour on the one hand and materials and equipment on the other, the abundant information supplied by the Governments is of too diverse a character to permit of definite conclusions being formed. A further difficulty is the necessity of allowing for the considerable amount of labour which enters into the price of the materials and equipment, a factor that cannot easily be estimated.

### 4. *Opinions of the Governments*

Lastly, as regards the opinions of the Governments concerning the effects of the works on a revival of economic and industrial activity, and on unemployment, it has been considered in certain countries that, when unemployment is widespread, the execution of public works is an imperative necessity and a duty on the part of the community, in order to find work for the unemployed. In some cases, public opinion has objected to money doles and has insisted on relief being given through work. In this connection, the Experts are of opinion that, in any case, only works which are either directly or indirectly productive or operations of recognised general utility should be undertaken. Such works should not be described as relief works, since it is only a question of carrying out at the most opportune moment operations which are fully justified in themselves.

Furthermore, the Experts recognise that precautions must be taken to obviate the drawbacks which might result from the professional disqualification of certain workers called upon to take part in such work.

Moreover, while the majority of the replies agree that the execution of public works exerts a favourable influence on economic and industrial activity, certain Governments consider that this influence has been uncertain in their countries, although they do not say what reasons have led them to this conclusion. Other Governments point out quite rightly that a revival of activity depends in the first place on the development of private enterprise, and in general on the economic policy pursued.

\* \* \*

In concluding their report, the Experts wish to say that they have met with difficulties in their work owing to the fact that, apart from differences in presenting the material as between one country and another, the documentation supplied by a given country often showed appreciable differences in the methods employed and the manner of setting it out, according to the department the material came from. The Experts therefore wondered whether States could not endeavour to secure greater co-ordination in this sphere between their different administrations.

On the other hand, countries have found themselves obliged, owing to the depression, to adopt in certain circumstances methods different from those normally employed in carrying out public works, both from the administrative and technical point of view — particularly as regards the utilisation of the ordinary plant — and from the point of view of financing the work, particularly by

drawing upon the resources of the social insurance funds. It would have been interesting to have more information on the reasons for these different methods and on the results obtained.

\* \* \*

Lastly, the Experts consider that it would be useful for the present report and the preliminary statement attached to it to be communicated to the different Governments. The latter would thus be able to consider how far they could make use of the different solutions which have been adopted and of the observations set out above.

These observations might also be taken into consideration in defining more clearly the scope of the information required should it be decided to undertake any further enquiry into the question of national public works.

Geneva, June 23rd, 1936.

*(Signed)* S. DREYFUS.

B. DJOURITCHITCH.

F. L. SCHLINGEMANN.

## APPENDIX II

### SUPPLEMENTARY INFORMATION

#### CANADA

The total expenditure incurred by the Department of Public Works for the fiscal years 1929-1930 to 1935-1936 is given below.

	1929-1930	1930-1931	1931-1932	1932-1933	1933-1934	1934-1935	1935-1936
	\$	\$	\$	\$	\$	\$	\$
Harbours and river works . . . . .	7,980,558	11,785,509	5,000,984	3,044,495	2,408,303	4,801,179	6,748,662
Dredging, plant, etc. .	3,310,953	4,305,126	2,520,843	1,510,174	1,172,582	1,683,714	2,262,102
Roads and bridges . .	84,495	190,383	342,330	138,598	53,776	103,795	494,456
Public buildings . . .	12,304,578	15,792,574	11,264,114	7,980,561	6,371,217	8,439,151	20,396,875
Airports . . . . .	780,144	93,214	—	—	—	—	—
Telegraphs . . . . .	885,871	928,975	644,627	529,852	497,037	534,906	563,647
Miscellaneous . . . .	260,924	275,832	235,177	131,099	115,318	112,712	99,782
Unemployment and relief works . . . .	—	—	1,592,934	138,370	—	—	—
Total . . . . .	25,607,523	33,371,613	21,601,009	13,473,149	10,618,233	15,675,457	30,565,524

#### UNITED STATES

Calculations have been made by Mr. Herman B. Byer, of the Bureau of Labor Statistics, as to the amount of employment provided by the expenditure of the Public Works Administration. Between June 1933 and June 1936 the value of construction contracts financed from funds of the Public Works Administration amounted to more than 3,000 million dollars. Of the amounts allotted for construction projects \$692,927,000 was accounted for by payroll disbursements at the site. This represents 6,475,000 man-months of labour. Orders placed for materials amounted to \$1,288,755,000 representing an additional 4,261,700 man-months of labour, or a total of 10,736,700 man-months of labour created. Non-Labour costs at the site and uncompleted work account for the balance of the allotments.



# PART II

## DRAFT INTERNATIONAL REGULATIONS

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### COMMENTARY

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The circumstances under which the "Planning of Public Works in relation to Employment" was placed on the Agenda of the Twenty-third Session of the International Labour Conference are described with sufficient clarity in the introduction to this report, and need not be restated here. As is also pointed out above, the Conference itself gave instructions on procedure in a resolution adopted, at the Twentieth Session in June 1936, which called for submission of a Grey-Blue Report "so that it would be possible . . . to reach final decisions in 1937".

It is for these reasons that the present Report is composed of two parts: the first, or "Grey" part, gives a summary of law and practice as regards public works, and closes with a list of points on which, if the double-discussion procedure be adopted, consultation of Governments might take place; the second, or "Blue" part, contains draft international regulations on which the Conference's discussions might be based in the event of a decision to have a single discussion.

It will suffice to state briefly here the reasons which, in the Office's opinion, would justify the latter course of action and which no doubt prompted the Conference of 1936 to express the desire that a Grey-Blue Report be submitted to it. First of all it should be remembered that the planning of public works is not a new question for the Conference. At the very first session, in 1919, the Conference dealt with it by inserting a special paragraph in the Recommendation (No. 1) concerning Unemployment; since that date, as the quotations given in the introduction to this Report testify, the problem has been raised incidentally at numerous sessions, the last being that of 1934.

Moreover, public attention has been directed with growing insistence, in every country, towards the urgent need for



co-ordinated action in the field of public works. To quote a few only of the more recent motions carried at international meetings, it may be recalled that the Labour Conference of American States Members of the International Labour Organisation (Santiago de Chile, January 1936) adopted a resolution requesting the Governing Body "to give special attention to a systematic public works policy intended to reduce unemployment and to raise the standard of living of the workers . . . ." The Inter-Parliamentary Union, at its Conference in Budapest in July 1936, unanimously adopted a resolution expressing the opinion that the International Labour Office and the League of Nations "should with the help of suitable bodies . . . . promote international co-operation on a financial, economic and social basis and propose any measures which might tend to hasten that co-operation."<sup>1</sup>

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<sup>1</sup> Cf. *Compte rendu de la XXXII<sup>me</sup> Conférence interparlementaire*. Geneva, 1936, 649 pp.

The full text of the resolution is as follows :

Considering that it would be beneficial to reserve for periods of depression certain works the execution of which is not of an urgent nature and to exert a restraining action in times of prosperity, in order thus to contribute to the stabilisation of employment ;

Considering that the execution in periods of economic depression of a large-scale programme of public works, by again promoting the circulation of capital at present unavailable, might provide a stimulus for fresh activity and renew confidence in private economy ;

Considering that, in addition to these advantages, a concerted national and international policy of public works, through the collaboration which it would call for between the various countries, would promote a better exploitation of resources and markets and would contribute to basing international solidarity on a technical reality ;

Considering that for lack of previous international agreement the action of the International Labour Office and of the League of Nations in this field has been greatly hampered ;

The Conference welcomes the fact that the question of the organisation of public works has been placed on the Agenda of the International Labour Conference of 1937, and

(1) Asks the members of the national groups of the Union to draw the attention of the Governments to the importance of a concerted policy of national and international public works and to promote its execution as speedily as possible ;

(2) Points out, in this connection, the usefulness of a central organism in each country able to establish between the various competent bodies that close co-ordination without which such a policy would be difficult to put into effect ;

(3) Is of opinion that the League of Nations and the International Labour Office should pursue the action already begun under the influence of Albert Thomas in the sphere of public works and should, with the help of suitable bodies such as the Bank for International Settlements, promote international co-operation on a financial, economic and social basis and propose any measures which might tend to hasten that co-operation.

The International Congress on Public Health Works (President, Mr. Justin Godart) has also repeatedly called attention to the great importance of the work done in this field by the International Labour Office, and has recommended the establishment at the Office of a permanent advisory body. Lastly, the Congress of the International Federation of Building and Wood Workers (London, 13-15 July 1936) adopted a resolution very warmly welcoming the decision of the Governing Body of the International Labour Office to put the question of public works on the Agenda of the Conference, and declaring that the lack of systematic procedure in the organisation of public works had hitherto rendered them inefficacious as a means of fighting unemployment.

Furthermore, it would be erroneous to believe that the changes which have occurred recently in the economic situation diminish the immediate urgency of the matter. Despite the improvement from which most countries are now benefiting, many of these same countries still show a high rate of unemployment; and a fall in that rate would be facilitated by a suitable public works policy. Even for countries which are prosperous, it is no less urgent to decide what can be done at the present stage so that effective action will be possible, as soon as the threat of a new depression arises, to prevent a recurrence of acute unemployment such as that from the consequences of which the world is still suffering.

The drafts prepared by the Office follow the general lines laid down for the possible consultation of Governments which terminate the first part of this Report. Their object is, first, to establish a continued collaboration in the field of public works among the Members of the International Labour Organisation, and second, to state the general principles which, if applied nationally on parallel lines by the different States, would be likely to make the planning of public works a powerful means of stabilising employment.

It may be asked why a continued international co-operation of this kind is necessary. The answer is to be found in the repercussions which a public works policy may have on the financial and monetary situation of the country undertaking the works if no such co-operation exists. One effect of public works combined with a suitable banking policy will be a rise in prices and in money incomes owing to the increased economic activity. This may cause exports to fall off or, at any rate,

prevent them from increasing, while at the same time there will be an increased demand for imports both for the works themselves and to meet the larger consumers' demand. Thus, the balance of payments may be upset. If the country is on a more or less rigid international monetary standard the result will be a loss of gold ; if not, a depreciation of the currency. These difficulties may be overcome to some extent, as was recognised by the Swedish Government when they inaugurated their public works policy during the depression, by reducing consumption through an increase in taxation or reducing imports by additional restrictions in the form of customs duties, quotas, etc. A far better way, however, would be to arrive at an international agreement to ensure that public works policies shall be pursued on parallel lines in the different countries. It would be premature to propose such an agreement at the present time, but there can be little doubt that international co-operation of the kind suggested would be greatly facilitated by the continuous exchange of information and the study of that information by an international committee which is provided for in the Draft Recommendation.

The international collaboration which is contemplated in these drafts consists first of all in the regular transmission to the International Labour Office of information concerning public works, formulated in a manner which would make the different national data as serviceable and as mutually comparable as possible. Next, it involves the participation of Members in the proceedings of an international committee, the duty of which would be periodically to examine the information thus received and to draw the appropriate conclusions.

With a view to putting such collaboration into effect, the idea — which the Office did indeed consider — of proposing that the Conference adopt a Draft Convention was a tempting one. But it seemed on due reflection that the Draft Convention was not the form best fitted to the achievement of the objects pursued. No doubt the procedure of ratification would have given a particularly formal character to a Member's undertaking to submit the information required ; but it would have been difficult to define in a Draft Convention the somewhat detailed information which it seems desirable to collect. Again, many Members, some of them for purely administrative reasons, might have been materially unable to provide data on some particular point. There was therefore no choice but to leave

them some latitude to supply the information in question so far as they are able. As a means of defining obligations qualified in this way a Recommendation is obviously more suitable than a Draft Convention.

Furthermore, it would appear neither necessary nor advisable to have recourse to a Draft Convention in order to set up an international committee, the duties of which would be to examine and make use of the reports on the planning of public works submitted by Governments to the Office. A Draft Convention could indeed put States under a formal obligation to take part in the work of the committee; but apart from the fact that the obligation would be binding only on those States which ratified, it may be supposed that the work of such a committee would be sufficiently attractive for Members to take part in it without having ratified a Convention and thus assumed a formal obligation. It therefore seems sufficient that the Conference should stress the importance of the work contemplated and recommend Members to collaborate in the proceedings of the committee.

There is yet another factor. If the committee were set up under a Convention, it would be unable to start its work until the Convention had come into force, and indeed it would be unable to work effectively, until the ratification of a sufficient number of States had been registered. This would involve the risk of regrettable delay in grappling with a task which, as has been said, is genuinely urgent. Hence, in order to secure the objects in view, it seemed preferable to provide for a simpler procedure and to propose that the Conference, by resolution, should ask the Governing Body to set up the committee in question and also to fix the dates of its meetings and to receive and transmit to Members the reports which the committee would send it. The drafts submitted herewith as basis for the Conference's discussions, with a view to establishing international co-operation among Members in the field of public works, therefore consist of a draft Recommendation and a draft Resolution.

It seemed necessary that, besides providing for collaboration on an international scale, the Conference should suggest to Members certain guiding principles which, if followed, would make the national organisation of public works a valuable means of stabilising employment. The main feature of such a policy was proclaimed by the Conference as long

ago as 1919, when it recommended that "each Member of the International Labour Organisation co-ordinate the execution of all work undertaken under public authority, with a view to reserving such work as far as practicable for periods of employment . . . ." It must be admitted, however, that this somewhat laconic Recommendation, wise though it was, has not in fact achieved all that was hoped for. No doubt it has had some effect by contributing to the current of opinion which gave public works the place they now hold as a means of fighting unemployment. But it is no less certain that this effect would have been far greater if the Conference had not confined itself to proclaiming a principle, but had been able to recommend more exactly what means should be adopted for putting that principle into effect. In 1919 the question was probably too immature for the Conference to go into detail regarding the appropriate action; but it has since had occasion to discuss the question afresh and to define its attitude on a number of points; this it did in several resolutions which are quoted in the introduction to the present Report. To-day, after sixteen years of increasingly numerous national experiences, it may well be thought that the moment has come for the Conference to resume its study of the question as a whole, and to aim at securing from States some agreement as regards the administrative and financial measures which they should adopt to give effect to the principle laid down in the Recommendation of 1919.

As regards the form of the regulations which the Conference should be asked to adopt, the choice here does not encounter the difficulties arising in the case of the scheme for international collaboration. As has just been shown, it is simply a question of reaffirming a principle already laid down by the Washington Conference and defining it more precisely in the light of present experience; there is no reason why the measures of application should not be included in regulations having the same legal form as those in which the principle itself was formulated. The Office is therefore submitting a draft Recommendation concerning the national planning of public works.

The general framework and principles of the drafts having been outlined, their provisions must now be explained and commented on one by one.

# 1. — DRAFT RECOMMENDATION ON INTERNATIONAL CO-OPERATION CONCERNING PUBLIC WORKS

The establishment of international co-operation in this field falls into three essential parts :

- (1) provision for the regular communication of information on national public works ;
- (2) definition of the type of information which is required in order to obtain a general view of the public works undertaken or planned in each country ;
- (3) specification of the use to which this information should be put and the most suitable method of bringing it to the attention of the Governments concerned.

## *Regular Supply of Information*

(Paragraph 1)

The regular supply of information concerning national public works is dealt with in paragraph 1 of the draft Recommendation. The following remarks may be made on this.

*Frequency.* — Clearly the dates on which the information should be supplied depend largely on the intervals at which national authorities prepare statements concerning works undertaken on their behalf or under their control ; it does not seem advisable, therefore, to depart widely from the most usual practices. If only for budgetary reasons, such information is usually prepared at least once a year, and would indeed lose much of its interest and become considerably less instructive if the period prescribed were to be longer.

The draft therefore suggests an annual supply of information by the different Governments concerning their public works. Such a provision would not exclude communication at shorter intervals if the data to be submitted seemed of sufficient importance to justify their being brought more rapidly to the attention of the other Governments participating in the international scheme.

*Date for the supply of information.* — Information concerning public works is normally available either at the end of the financial year (for public works already undertaken)

or when the budget is prepared (for intended public works). But the financial year, and therefore the date on which the budget is voted, vary widely from one country to another; it did not, therefore, seem possible to fix a precise — and identical — date on which all States should send in the information required. Normally, as has been said, the “most suitable date” referred to in the draft would be a date as soon as possible after the end of the financial year; but, as regards large-scale works at least, it might just as well fall on any other date during the year.

### *Kind of Information*

#### (Paragraph 2)

If the information concerning public works is to be a real aid in preparing for co-ordination in this field, it must be both systematic and comparable. This is the object of paragraph 2 of the draft Recommendation.

A glance at the first part of this report will suffice to show that the information now available concerning public works is far from fulfilling the conditions stipulated above, and can hardly be used for international purposes. Indeed, information could only be used for such purposes if it were drawn up according to a standard plan.

The Plan which the Office suggests the Conference should adopt, and which is annexed to the draft Recommendation, is not regarded as final, and it would certainly be advantageous to adapt it periodically in the light of experience. According to the draft Recommendation, such adaptation would be entrusted to the Governing Body of the International Labour Office, to which suggestions would be submitted by the International Public Works Committee referred to below.

The Office also realises that many Governments will find it difficult to supply regular information on all the points contained in the Plan, and would in any case require a certain interval for putting themselves in a position to collect the information requested. For this reason the draft Recommendation provides only that the information should be submitted “as far as possible” on the basis of the Plan.

*Uniform Plan for the Supply of Information*

(Annex)

The contents of the Plan are described to some extent in Chapter XIV of this report.

It should be noted first of all that, to be effective, the proposed Plan should not cover only works specially undertaken in order to provide work for the unemployed or, *a fortiori*, only those which are more or less intimately bound up with unemployment relief schemes. On the contrary, the information provided should cover all public works, including orders for plant, equipment and other supplies.<sup>1</sup>

Apart from the fact that it would be difficult to define the distinction between relief works and other public works, and that the relevant criteria vary from country to country, it may be noted that the Washington Recommendation, from which the Conference may well take a lead, made use of a comprehensive formula. Undoubtedly those who drafted that Recommendation were thinking less of organising relief works for the unemployed in times of widespread depression than of ensuring that the whole volume of work undertaken for public authorities be properly timed. And indeed the essential task is not so much to improvise public works when a depression has already set in, as to influence the timing of all public works, in other words, to adapt their volume continually to the situation arising out of economic fluctuations. The Plan appended to the draft Recommendation should therefore, in the Office's view, help to secure the supply of complete and comparable information on public works of all sorts.

With the object of securing that the information be comparable, it was thought best to start with a list indicating the different kinds of works (I. 1.). The list reproduced in the draft is almost the same as that drawn up jointly by the Secretariat of the League of Nations and the International Labour Office a few years ago, and which served as basis for the enquiry

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<sup>1</sup> There does not seem to be any useful object in giving a definition, which could only be limitative, of the words plant, equipment and supplies. Such a definition may, if the Plan is adopted, arise out of the Conference's proceedings or, better still, those of the international public works committee referred to below. These words were used because it was desired to find a comprehensive definition of public works, which would not confine the term to works carried out on a special building or constructional site.



on national public works carried out by the League of Nations in 1934.<sup>1</sup> Experience already obtained shows that the terminology now chosen makes the list sufficiently clear to avoid difficulties of interpretation, and yet sufficiently flexible to fit the inevitable differences in national practice.

Then the Plan (I. 2.) classifies the works which it is intended to cover on the basis, no longer of their technical character, but of the authority that undertakes them, that is to say, the employing or contract-giving body. The effect of a public works policy would be uncertain if it applied only to work undertaken by the central Government; for as a rule most public works are undertaken by regional and local authorities. These are more or less independent of the Government; but despite such independence, the Government can always to some extent influence the decisions of local and regional authorities regarding the works they undertake. This it can do either simply by advising them concerning the kind of works which it seems desirable to undertake and the date at which it will be most suitable to carry out a given project; or it can have a more direct influence by making the Government authorisation, which the local authority must in certain cases obtain before floating a loan, dependent on the desirability, from the economic point of view, of carrying out the works in question. A still more direct manner in which Governments can influence regional and local authorities is to restrict or expand, according to the phases of the economic cycle, the volume of loans and grants which these authorities receive.

Colonial public works are another group to which great importance must be attached. Such works do not affect the demand for labour in the colony alone; the consequent orders for plant and equipment nearly always react on the employment situation in the country to which the colony is attached, or other countries in which these orders are given.

While it is clearly advisable, in view of the suggested action, to make the information extend to works undertaken by all public authorities, it is not less necessary to cover also the works carried out by public utility undertakings and

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<sup>1</sup> LEAGUE OF NATIONS: *Organisation for Communications and Transit*.

even by private bodies and individuals in receipt of loans or subsidies. Indeed, in the aggregate, such works often represent a very large volume; and — in view of their variety and wide geographical distribution — their appropriate timing would probably contribute more to reducing economic fluctuations over the whole national territory than would a similar timing of official public works.

It must nevertheless be recognised that the possibility of obtaining information on works of this sort — and *a fortiori* of acting upon them in a pre-determined manner — varies considerably with the type of body or person concerned, and also to some extent with the administrative structure of the country. Some such action does appear possible as regards public utility undertakings, since they usually act in virtue of concessions to which some supervision by the authorities is attached; again, the authorities are no doubt entitled to exercise supervision over public bodies or individuals who apply to them for loans or subsidies; but it would hardly be possible to include works undertaken without the aid of the authorities either in the scope of the Plan, or in that of the proposed timing policy. It should not be forgotten, however, that efforts are being made by the authorities in some countries to induce private undertakings to time their capital expenditure in relation to the general economic situation.

Paragraph II of the Plan relates to the kind of information which should be submitted regarding the different projects. As regards this side of the problem, the reader may be referred to pages 205 *et seq.* of the present Report. Since the object of the suggested international consultation is to co-ordinate as far as possible the activity of the different Governments in this field, it is clear that summary information, drawn up on a different basis each time the report falls due, would not be satisfactory; and the importance of continuity and comparability justifies the degree of detail which the Office has thought it necessary to introduce in this part of the Plan.

The first group of data asked for here concern the administrative methods by which public works are carried out, and any legislative provisions on the subject (II, 1). They would throw light on the functions of the different authorities as regards public works in a given country, and the

manner — if any — in which the central Government exercises a co-ordinating influence.

The Plan then passes to a series of more detailed questions (II, 2). The object of these is to enable a table to be drawn up — abridged no doubt, but nevertheless sufficiently accurate — of the public works policy followed by each country during the period to which the report relates. The first points on which information should be obtained are the rate and timing of public works during the period, the methods used to enforce these standards (activity of co-ordinating bodies, monetary policy, system of allotting subsidies and loans) and lastly the reasons for which the timing policy in question was adopted.

The next groups of questions (II, 3 and 4) are intended to elucidate all the desired data concerning the works themselves, a distinction being made between those which are in course of execution and those which have only reached the plan stage. Naturally the former deserve fuller treatment than the latter. The individual questions seem sufficiently clear, as formulated, and no further commentary is required. Most of these questions have moreover already been tried out, and are included in the questionnaire drawn up jointly by the Office and the Secretariat of the League, which served as basis for the latter's investigation in 1934.

Furthermore, it may be regarded as one of the functions of the international public works committee, which will be discussed later, to secure uniformity in the submission of reports under the Plan, and with this object to explain and to define its terms if experience shows that this is necessary.

The last division of the Plan (II, 5) concerns conditions of employment, methods of recruitment and other provisions affecting the persons employed on public works. The first object here is to secure information on the part played by public employment exchanges in the organisation of these projects (II, 5a); for one of the most important factors in determining the timing of public works in a country — and this determination is the essential object of the exchange of data — must be the situation of the labour market, on which the public employment exchanges should have the most recent facts.

It would also seem necessary for information to be supplied on the conditions of employment obtaining on the public

works, and in particular on hours of work and wages (II, 5*b*). These conditions often vary according to whether the projects are considered as normal public works or relief works; the differences in such conditions are indeed often the only criterion by which the two types of project can be distinguished. Apart from the fact that the International Labour Organisation cannot neglect the purely social aspects of public works when dealing with the problem, the questions just mentioned are of real importance from the standpoint of the proposed international action.

Again, an interest in the social aspect — to which the Office always directs its first attention — has prompted the request for information on the transport and housing of the workers (II, 5*c*). Provisions on these points are sometimes included in the conditions attached to public contracts, and sometimes in regulations of a general nature; they appear particularly desirable in the case of large-scale public works situated at a distance from the big towns.

The last point (II, 5*d*) is that of the use of mechanical appliances. This is included because the subject has been repeatedly and keenly discussed in recent years. In a number of cases regulations have been issued restricting the use of machinery for public works, and particularly for relief works, so as to permit a larger number of unemployed to be engaged. In some countries these regulations were rescinded after a period of trial because it was found that, though they did permit a larger number of persons to be directly employed on the site, they indirectly reduced employment in the engineering industry. In other cases the withdrawal appears to have been prompted by the resulting increase in cost or delay in completion. It was thought that data on national practice and experience in this field would be of interest, if only for the mutual information of Governments.

Such are, briefly, the questions on which the Plan attached to the draft Recommendation would permit to collect information.

*Utilisation of the Information Collected*

(Paragraphs 3 and 4)

An international centralisation of information is of undoubted value even if it merely enables Governments to establish a comparison between what they are doing themselves and what is being done in other countries, and if by inducing them to extend their national information it helps them to obtain a clearer view as regards their own public works policies ; but the normal and at the same time the most valuable result of the centralisation contemplated is surely the opportunity it would give for Members to draw joint conclusions from the information supplied.

It therefore seemed that an international committee ought to be established, which would periodically examine the information collected and draw conclusions of common interest. This is the committee mentioned in the draft Resolution which will be discussed below. Since under that draft it would be for the Governing Body to set up the new body, a Recommendation addressed to Members would not be the place for an exact specification of its composition, powers and duties. Paragraph 3 of the Recommendation, therefore, merely recommends to Members that they should collaborate in the committee's work.

Lastly, paragraph 4 draws the attention of Members, in advance, to the reports which the Governing Body may transmit to them as a result of the committee's proceedings, and recommends that they carefully consider any consequent action.

2. — DRAFT RESOLUTION ON INTERNATIONAL CO-OPERATION  
CONCERNING PUBLIC WORKS

The reasons which the Office regards as justifying the establishment of an International Public Works Committee have already been given ; the procedure proposed for the institution of this Committee has also been defined ; it only remains therefore to comment briefly here on the provisions of the Resolution in which it is suggested that the Conference should invite the Governing Body to set up the Committee in question.

*Terms of reference of the Committee.* — As stated above, the mere exchange of information between States as to their public works activities would be of very great value to all of them. A common pool of experience would be available for all to draw upon; and, while each country would of course have to frame its public works policy in accordance with its national circumstances, any special successes in one country as regards methods of organising, financing and co-ordinating public works would serve as an example and stimulus to all the others, and any failures or mistakes that might occur would likewise serve as a warning to all the others. The International Committee, as a body of specialists engaged year by year in the careful study of reports on public works activities could undoubtedly from time to time call attention to certain features in the reports and perhaps make certain recommendations in the light of experience which would be of general interest. Such observations and reports by the International Committee, submitted in the first place to the Governing Body and then transmitted to the Members of the Organisation, would undoubtedly be a very valuable supplement to the information made available to Governments by the annual reports and by the attendance of Government representatives at meetings of the Committee. The draft Resolution therefore sets out as the primary functions of the International Committee (a) the examination of the information concerning public works collected by the International Labour Office and (b) the submission of reports to the Governing Body for transmission to the States Members. The existence of a Committee of this kind, armed with the wide experience which in time it will acquire, may even be found valuable in the future in connection with possible schemes of public investment overlapping national boundaries. This may perhaps be illustrated by the remarkable development of inter-American co-operation in this field in recent years.

The growth of road traffic has induced the Pan-American Conference to consider the construction of a trans-continental highway. Almost all these Conferences since that held at Santiago in 1923, and above all those specially concerned with the road problem, have returned to this question; and in 1935, the Pan-American Commercial Conference adopted a resolution including a request that every country

make it clear, when preparing its road schemes, which of its roads had an international character and which work it proposed to carry out in each five-year-period, so that the construction and improvement of road systems might go on in conformity with programmes which had been communicated in advance to neighbour countries.

Moreover, the Inter-American Peace Conference, which met in Buenos Aires in December 1936, adopted a draft Convention under which the ratifying States undertake the following obligations : to establish a technical committee whose duty it will be to co-ordinate the programmes of the different Governments and to draw up at their request any construction schemes required ; to establish a financial committee which will report to Governments, six months after its establishment, on the means by which the completion of the trans-American highway can be accelerated ; and thirdly, to establish a permanent office for the provision of information on works programmes, the state of the finished road sections, the different traffic regulations and any other information which tourists may require.

Indeed, the planning of a road from the United States to Panama, which is to form one section of the great trans-continental highway, was completed in outline as long ago as 1933, and to-day several stretches are already finished. In 1934, the first Central American Conference, attended by delegates from Costa Rica, Guatemala, Honduras, Nicaragua and Salvador, led to the adoption of a treaty between these countries under which the Governments undertake to act together for the development of trans-continental communications and to attempt to secure the collaboration of other States. In South America, too, several sections of the future trans-continental highway are now complete ; this is particularly the case with the Simon Bolivar Road, to link the capitals of Venezuela, Colombia and Ecuador.

The main lines of land communication, intended to link up the countries of the American continent, are thus seen as the product of international initiative, several of the plans having been prepared by international committees ; though the work was actually carried out by the Governments concerned at the time and on the scale permitted by the financial situation of each. Among other international agreements relating to public works, mention must be made of

the Treaty to correct the course of the Rio Grande, concluded between the United States and Mexico on 1 February 1933.

Somewhat detailed attention has been given to the close international collaboration in the field of public works which appears to have existed for some time on the American continent; for this is an excellent illustration of the type of function towards which the proposed International Public Works Committee may slowly advance. But even if the duties which it could not assume at once be set aside, there remain others: large-scale national programmes may have international effects, above all in the monetary field, but also in that of trade and communications; such effects must be foreseen and provided for; and for these purposes it is desirable to submit the plans to the proposed committee.

In any case, the clause which the Office suggests as a definition of the proposed Committee's other duties would appear to make sufficient allowance for any future expansion.

*Composition of the Committee.* — Since the primary duty of the Committee would be to examine reports on public works submitted by Governments, it should clearly be composed in the first place of Government representatives. It was not thought necessary to deal fully with the question of representation in the Resolution itself; but naturally, in view of the type of function which the Committee would discharge, the representatives should be experts well versed in the various sides of the public works problem.

As regards the choice of States whose Governments would be entitled to representation on the Committee, the Office considers that only those which have adhered to the scheme should be so qualified. It seems hardly right that Governments which have not approved the Recommendation should be entitled to give an opinion on the reports submitted by others in accordance with that Recommendation. Moreover, an arrangement under which all States Members could partake in the Committee's work, with different rights for those which had and those which had not adhered to the scheme, seemed likely to involve unnecessary complication in the work of such an advisory body; and it was considered that if the Members which had not approved the Recommendation received the reports of the Committee, through the Governing



Body, a fair and sufficient part in the joint scheme would then have been allotted to them.

In addition to Government representatives, satisfactory representation of employers and workers would no doubt also be called for. In view of the effects which a public works policy has and must have on the whole economic system of a country, the value of such representation cannot be called in question. Nevertheless, in order not to make the Committee too large and to avoid the risk of overlapping between its functions and those of the International Labour Conference, it seemed preferable that the employers' and workers' representation on the Committee should not be given a national character. The Governing Body itself would therefore determine the method of choice and the size of these delegations, and would no doubt, as in many similar cases, leave the actual nomination to the employers' and workers' groups. Further, it would be advisable to avoid undue rigidity in this representation, so that the Committee, when considering a project which particularly affected a certain country, for instance, could profit by the collaboration of employers' and workers' representatives from that country.

For these reasons, in the Draft Resolution, the Office has simply included a statement of the principle of employers' and workers' representation, and added that such representation should be "fair" — that is, the two delegations should be of equal and of sufficient size — but proposes not to define more exactly the number of delegates and the method of appointing them.

Apart from employers' and workers' representatives, who would form part of the Committee's regular membership, it has been thought advisable to suggest that the Governing Body might add to the Committee, either for the discussion of individual questions or on a more permanent basis, a number of experts: these could include national experts, persons of experience who might give the Committee the benefit of technical opinion, on a certain aspect of the public works problem or on a specific project, supplementary to that already provided by the official Government representatives; and international experts, either representatives of institutions specially concerned with the international problem of public works and specially competent for some reason to deal with it (the Communications and Transit Organisation and the Economic

and Financial Organisation of the League of Nations, the Bank of International Settlements, the International Institute of Agriculture, etc.), or individuals (economists, financiers, technical experts, etc.) likely to be of service to the Committee through their particular knowledge of problems like the international repercussions of national public works.

The Office has not considered it advisable to deal in the Resolution with the questions which the Committee's procedure will raise. The latter's Standing Orders will be determined either by the Committee itself or by the Governing Body ; and at the same time the rights of the different types of members as regards participation in the Committee's work will have to be determined. It seems sufficient to indicate here that in the Office's opinion, if and when decisions have to be taken, only the representatives of Governments, employers and workers should have the right to vote, the experts referred to above being present in an advisory capacity.

### 3. — DRAFT RECOMMENDATION CONCERNING THE NATIONAL PLANNING OF PUBLIC WORKS

The essential principle of this draft Recommendation is the timing, in accordance with a pre-arranged policy, of the national public works with which it deals (paragraph 1). The principle of such timing was accepted by the Conference in 1919 in Recommendation (No. 1) concerning unemployment, Section IV of which reads as follows :

The General Conference recommends that each Member of the International Labour Organisation co-ordinate the execution of all work undertaken under public authority, with a view to reserving such work as far as practicable for periods of unemployment and for districts most affected by it.

The proposal placed before the Conference now makes certain recommendations as to the means of applying that principle. If things are allowed to take their own course and no special attempt is made to lay down the general lines of a public works policy in advance, it is inevitable that the public authorities and other bodies concerned will increase their capital investment in times of general prosperity and reduce it in times of depression when there is a general demand for economy. That, in fact, is exactly what has taken place in practically every country. Indeed, as has been shown in the

first part of this Report, the situation in many places at the beginning of the depression in 1929 and 1930 was such that the public authorities were unable to borrow money for investment purposes because they had already pledged their credit to the fullest extent possible. The result of such a policy, however, is to aggravate both the boom and the depression by stimulating the demand for labour at a time when the requirements of private industry are considerable, and by diminishing the demand for labour at a time when the requirements of private industry are at a low ebb. Towards the end of 1936, the London *Economist* held a symposium on monetary policy, and in summing up the results it wrote (5 December 1936, p. 454) that there was general agreement among the economists it consulted that, in the stage of cyclical prosperity to which Great Britain had attained at that time, "so far from spending, borrowing and expanding now on the ground that we can 'afford' it and 'economising' later on the ground that we cannot, we ought to tax ourselves and reduce debt now and so prepare for freer public spending and investment later, when and if private spending begins to fall". That involves "an examination of the administrative possibility of preparing in some form or another a reserve of public investment schemes. How far do administrative difficulties, the relations of central and local authorities, and so forth, forbid such a plan? Already it has been suggested that a second instalment of building to remedy overcrowding is suitable for such preparation in advance; other projects, such as the Severn Bridge and Charing Cross Bridge schemes, are known to be in various stages of gestation; road development is always susceptible to a certain degree of acceleration or restraint; and main line railway electrification has long been on the verge of profitability. Those with administrative experience might well be asked to consider, in the present breathing space, whether there is the material here for developing a public works strategy to supplement ordinary monetary policy." In Sweden, a policy of this kind is already being applied, a committee of enquiry having been appointed early in 1936 to make an inventory of works that might be reserved for the next period of cyclical depression. It must be emphasised that the adoption of such a policy as that outlined above would not involve any diminution in the total volume of public works put in hand. It would merely tend to concentrate those works as far as possible

in periods of cyclical depression instead of concentrating them in times of cyclical prosperity.

The next point to consider is what works should form part of such a plan (paragraph 2). It goes without saying that the timing should apply to works undertaken directly by the central Government. There seem also to be very strong reasons for applying it to works carried out in colonies, which are likely to be of benefit not only to the colonies themselves but also to the mother country by stimulating the demand for materials. It would, however, be of little use to confine the plan to such works, for the expenditure involved in carrying them out frequently forms only a fraction of the expenditure on works of regional and local authorities. Without the co-operation of those authorities, therefore, the proposed timing of public works would be doomed to failure. As the central Government is able to influence the works policy of these authorities, either because they need the permission of the central Government or of Parliament to raise loans on the open market or because the central Government can vary the grants and loans which it makes directly to the authorities, it should not be difficult for the Government to ensure the application of the policy it desires. This, however, does not exhaust the possibilities at the disposal of the central Government of influencing capital investment. There are the works of public utility undertakings, which are usually subject to statutory or administrative control and which are moreover frequently the recipients of grants or loans from the authorities. And, finally, there are ordinary commercial undertakings, or even individuals, who may receive financial assistance for works, such as shipbuilding or house-building, for example, which are considered to be in the general interest.

If a policy of timing public works is to be applied effectively there must be some means of co-ordinating the policies of the various departments of the central Government and of the various other bodies concerned. For this purpose it would seem desirable to set up a national co-ordinating body (paragraph 3). The first task of such a body would be to centralise all information relating to public works; this information would probably cover the various points included in the uniform plan which may be adopted by the Conference as an annex to the Recommendation on International Co-operation concerning Public Works. The object of collecting this infor-

mation would be to enable the co-ordinating body to follow as closely as possible the development of public works throughout the country. The co-ordinating body might either have executive powers or be merely an advisory body ; that would depend on a number of factors such as the constitutional situation, and, in particular, the degree of centralisation in force in each country. The Conference can hardly enter into details of that kind and consequently it is suggested that provision should be made for either type of co-ordinating body. In the one case the body would itself ensure the preparation in advance of works ready to be put in hand when a depression occurs and in the other it would encourage the preparation of such works. In this connection, it would have to give attention to the kind of works which should be held in reserve. It might be thought at first sight that the most suitable works would be such as provide the largest amount of direct employment on the site, but a little reflection shows that works which require a considerable quantity of plant and material are even better, for they give employment not only or mainly to unskilled workers but to skilled workers in a variety of trades. Moreover, planning should not be confined to large works but should also include works which can be completed within a comparatively short time, such works being of particular value in the later stages of the depression. A further duty of the co-ordinating body might be either to give instructions or to give advice as to when works should be held in reserve and when works held in reserve should be undertaken. This would involve a close and regular study of the whole economic situation. The co-ordinating body must have some means of determining when the time has come to ease off the capital expenditure under the control of the public authorities and when it is desirable to speed it up. It is not possible to do more on this point than to give some general indications. The situation varies too much in the different countries, in respect both of their general economic structure and of the available statistics, for any precise rules to be laid down. It is clear that the unemployment situation must be taken into account, but that is not a sufficient criterion by itself, for the unemployment statistics include not only those who are unemployed owing to cyclical depression, but many who are unemployed owing to structural changes in industry, and other reasons,

and it is the cyclical movement which is important in planning a public works policy. Consequently, it is suggested that certain other economic indices which throw light on the cyclical movement should be considered. Among these the most important seem to be the index of wholesale prices and the long-term rate of interest.

The next point to be considered is that of the financing of the works (para. 4), and in this paragraph a number of financial measures are put forward for special consideration. It is not intended that all these measures should necessarily be adopted. Full discretion is left to the Governments to adapt their financial policy to the needs of the situation.

Sub-paragraphs. 4*a* and 4*b* deal with taxation policy. The first of these refers to the desirability, during the upward phase of the cycle, of placing certain resources to reserve so that they may be immediately available when increased public works activity is desired. It has already been pointed out above that in many cases during the recent depression the pursuance of an active public works policy was hindered because financial resources were not available when required. It is obvious that no authority could possibly maintain a reserve of funds sufficient to finance its whole public works programme over a period of years, and even if it were possible such a policy would be likely to have disastrous economic consequences. It does appear, however, that authorities might be recommended to consider the building up of a reserve fund at a time of prosperity when it is relatively easy to raise money as one method of being ready for the emergency of depression when it comes.

The second suggestion (sub-para. 4*b*) is that money which has been voted for public works in a particular financial year but not used in that year should be carried forward to the next year. This may be considered as complementary to the recommendation in the preceding sub-paragraph. If money which has been voted in a particular year must necessarily be used in that year or, if not, is not available for the same purpose in the following year, the possibility of planning a public works policy over a number of years would be considerably lessened. This has indeed been recognised in a number of countries such as the United States, for example.

Sub-paragraphs 4*c* and 4*d* relate to loan policy. The application of the policy of timing public works requires that public

authorities should restrict their borrowing during periods of prosperity and repay loans previously contracted at an accelerated rate. Thus, the authorities will have made the financial preparations necessary to enable them to finance increased investment in depression. The example of Sweden may be cited in this connection, all the money borrowed for the accelerated public works programmes of 1933 and 1934 having been already repaid.

When a depression appears and the national income is declining, it is not feasible to finance a public works programme by additional taxation. Indeed, it would be highly undesirable to do so, since the fresh taxes would be likely to diminish the purchasing power of the taxpayers and thus the whole object of the public works policy, which is to bring about a net addition to purchasing power, would be largely nullified. On the other hand, one of the characteristics of a period of depression is that a certain amount of money is lying idle and awaiting openings for investment. The speeding up of public works provides just such an opening, and would put into circulation money which might otherwise remain unproductive for a considerable time. Hence, it is suggested that public works should be largely financed by loan during depression (sub-para. 4d).

Finally, it is suggested in the same sub-paragraph that the Conference should also recommend the application of a monetary policy which will permit the expansion of credit necessitated by the public works policy in periods of depression. One of the numerous lessons which the history of the last seven years has taught us is that no public works policy can be successful in increasing the volume of employment and stimulating economic recovery unless it is accompanied by an expansionist monetary policy. If a loan raised for public works merely causes private investors to refrain from investing a corresponding amount in private business, no beneficial effect will be produced on the economic system. It is essential that the banks should co-operate with the Government in expanding credit and in lowering the long-term rate of interest and keeping it low. It is hardly likely that the Conference will feel able to enter into the details of such a policy, but it seems hardly possible that it should fail to deal in some way with what is from many points of view the most important aspect of a planned public works policy.

The timing of public works which, as has been seen above,

requires a co-ordinating body to deal with administrative problems, also requires a co-ordinating body to deal with the financial problems. The same body may perform both functions or, if preferred, two bodies may be appointed, working in co-operation with each other (paragraph 5). Whichever system is chosen, the first duty of the financial body would be to advise the central authority on the financial policy to be pursued in relation to public works, that is to say, it would recommend the particular time that loans should be restricted and repayment of old loans accelerated, or, on the contrary, that borrowing should be speeded up and the repayment of old loans restricted ; and it would give advice on such matters as placing money to reserve, the purchase and sale of stock in which the reserves are invested, the application of the most suitable monetary policy, etc. Secondly, it might deal with the issue of loans and administer the proceeds, at any rate so far as works under the direct control of the central Government are concerned. Thirdly, it might co-ordinate the borrowing policies of the different bodies, the works of which are the subject of the Recommendation. This would be an important function, and would aim at preventing competition among various public bodies on the money market, especially at times when money is not very plentiful. Moreover, the co-ordinating body might actually raise loans itself and then re-lend the money to the regional and local authorities, etc. This would have the advantage of enabling those authorities to borrow the money in many cases at a lower rate of interest than if they raised the money themselves on the open market. Finally, it might take steps to ensure that the policy of the central authority in respect of loans and subsidies is made effective, in other words, it would apply the policy of restricting or encouraging loans and subsidies which is decided upon from time to time by the Government.

Paragraph 6 of the Draft Recommendation has a somewhat different object — that of not limiting the operation of the proposed timing, and consequently the scope of the benefits which it is hoped will accrue, to heavy manual work or work which by its nature can involve the use of male labour only. As stated above, it is important that the works included should be not only such as will employ a large volume of labour on the site but above all such works as will provide a large amount of indirect employment.



The common characteristics of the three groups of workers mentioned in this paragraph of the Draft Recommendation are that all have suffered in the recent depression, and are still suffering, from exceptionally acute unemployment; and that these are the groups particularly in danger of being forgotten or neglected in the drafting of public works programmes if this task is undertaken in too strictly traditional a spirit.

In addition, each of the groups can point to special claims, peculiar to itself, for which the reader may be referred to Part I of this report.

As regards *young persons*, it should be recalled that the Conference has already adopted, in 1935, a Recommendation which retains its full importance; and that several of its points relate to the organisation of special public works for the young.<sup>1</sup> That Recommendation was so full that there does not appear to be any useful object in making additions to it now. Its mention here is therefore nothing but a reminder.

*Women* are as a rule excluded from the principal industries directly concerned with public works; but such works may nevertheless contribute indirectly to the creation of openings for women, the extent to which this is possible depending on the share given, in the selection of equipment and supplies, to industries with a considerable proportion of women workers. But apart from this it seems advisable, in drafting programmes of relief work for the unemployed, to include operations particularly suitable for female labour. Several examples of what different countries are doing in this respect are noted above.<sup>2</sup> Here again it has not seemed advisable to go into detail, and the Draft Recommendation therefore simply draws the attention of States Members to this problem.

The same applies to the last of the three groups — *non-manual workers*. Here too the reader is referred to the appropriate chapter in the earlier part of this Report.<sup>3</sup> Large numbers of such workers may benefit, directly or indirectly, from normal public works, and it is also desirable, when works are set on foot especially for the unemployed, that provision be made for some which will aid the non-manual group. The

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<sup>1</sup> Cf. above, Chapter X.

<sup>2</sup> Cf. Chapter XII.

<sup>3</sup> Cf. Chapter XI.

steps taken to this effect in many countries, and the views of the Advisory Committee on Professional Workers of the International Labour Office constitute in the Office's opinion a solid foundation for the Conference's discussions on this branch of the subject.

The seventh and last paragraph of the Draft Recommendation concerns the recruiting and employment of the persons engaged on public works.

The recruiting of workers is taken first. When examining, earlier on, the powers and duties of the body which would be required to organise the timing of public works, this Report stated that the supply of, and demand for, labour were one of the factors most important in determining this timing, and that the public employment exchanges should have the best and most recent information on the subject. But the question has another side. In most countries where recourse to these exchanges is not compulsory, many employers prefer direct methods of engaging workers who report at the site. This practice has serious disadvantages, which need not be stated here, but which affect the employer, the worker and the whole labour situation. In order both to avoid these disadvantages and to aid the public employment exchanges in obtaining a firm and genuine hold on the situation, the authorities should prescribe that, in so far as works carried out under their supervision are concerned, the staff must be engaged through the public employment exchanges and through them alone. These exchanges would thus be required, first of all to find the skilled workers exactly suited to the posts offered, and then to select, from the mass of unemployed workers, those who could adapt themselves or be adapted most easily to the remaining work. Close collaboration between the public works authorities and the employment exchanges is therefore indispensable, and in the Office's view deserves special recommendation by the Conference.

The employment of foreign workers is a second question to which, it seemed, the Recommendation should refer. The practice of admitting such persons to employment on public works on the same footing as nationals is in keeping with the tradition of the International Labour Organisation; further, one of the essential functions of an international scheme is to find solutions which satisfy all parties; and it may well be considered that the Conference would be doing valuable

service in extending to public works the principle of equal treatment for nationals and aliens which it has already proclaimed in other fields. Further, as need hardly be said, this principle should apply to relief works as well as to public works of a normal type.

Lastly, the third point of paragraph 7 deals with the remuneration of persons employed on public works. The provision included in this connection is modelled on the fair wage clauses in use in the United Kingdom and the Irish Free State : the wage paid to persons so employed, and indeed the other conditions of employment offered to them, must as a rule be those in force — on the basis of legislation, collective agreement or custom — in the trade and region concerned. Provision is also made to meet the difficulties which may arise in the case of public works carried on in a region where, through lack of experience of operations of the sort, no wage rates have been fixed by collective agreement or custom. To sum up, the Recommendation provides for the application, to all the projects in question, of the principle "equal wages for equal work".

A number of other questions relating to conditions of employment are examined in the first part of this Report ;<sup>1</sup> but it did not seem advisable to cover them in the Recommendation. As regards hours of work in particular, it appeared useless to add anything to the regulations which the Conference has already adopted in Convention No. 51, which provides for a 40-hour week on public works. As regards the use of machinery, too, it did not seem advisable to overload an international instrument, meant to stand the test of time, with a statement of principles or methods which will probably soon lose much of their current interest.

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<sup>1</sup> Cf. Chapter VI, "Hours of Work", and Chapter VIII, "Other Provisions relating to Labour".

## PROPOSED TEXTS

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# DRAFT RECOMMENDATION ON INTERNATIONAL CO-OPERATION CONCERNING PUBLIC WORKS

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Whereas the advance planning of public works is a useful method of preventing unemployment and counteracting economic fluctuations ; and

Whereas action for this purpose can be effective only if it is based on adequate information and international co-operation ;

The Conference recommends :

(1) that each Member of the International Labour Organisation should communicate annually to the International Labour Office, on the most suitable date, statistical and other information concerning public works undertaken or planned on its territory, including orders for plant, equipment and supplies ;

(2) that the information communicated by Members in accordance with paragraph 1 should be supplied as far as possible in accordance with the uniform plan annexed to this Recommendation, it being understood that the Governing Body of the International Labour Office may introduce such modifications into the plan as may be found in practice to be desirable ;

(3) that each Member should co-operate in the work of any international committee which may be set up by the Governing Body for the purpose, more particularly, of studying the information communicated in accordance with paragraph 1 of this Recommendation ;

(4) that each Member should carefully consider what action to take on the basis of any reports which the Governing Body of the International Labour Office may send it as a result of the discussions of the committee contemplated by paragraph 3.

## ANNEX

### Uniform Plan for the Supply of Information concerning Public Works<sup>1</sup>

#### I. — CLASSIFICATION OF THE WORKS

1. According to the kinds of works :

(a) roads and bridges ;

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<sup>1</sup> It is understood that the information supplied should include information relating to relief works.

# PROJET DE RECOMMANDATION CONCERNANT LA COLLABORATION INTERNATIONALE EN MATIÈRE DE TRAVAUX PUBLICS

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Considérant qu'une politique prévoyante de travaux publics constitue un moyen utile de prévenir le chômage et de compenser les fluctuations économiques ;

Considérant qu'une action efficace dans ce domaine n'est possible que si elle est fondée sur une information suffisante et sur une collaboration entre les Etats,

la Conférence recommande :

1) que chaque Membre de l'Organisation internationale du Travail communique annuellement au Bureau international du Travail, à la date la plus appropriée, des informations statistiques et autres concernant les travaux publics entrepris ou projetés sur son territoire, y compris les commandes d'outillage, d'équipement et de fournitures ;

2) que les informations communiquées par les Membres conformément au paragraphe 1 soient fournies autant que possible selon le plan uniforme annexé à la présente recommandation, étant entendu que le Conseil d'administration du Bureau international du Travail aura la faculté d'apporter à ce plan les ajustements dont la pratique ferait ressortir l'opportunité ;

3) que chaque Membre collabore à toute commission internationale que le Conseil d'administration du Bureau international du Travail pourrait créer en vue notamment de procéder à l'examen en commun des informations communiquées conformément au paragraphe 1 de la présente recommandation ;

4) que chaque Membre étudie attentivement la suite à donner aux rapports que le Conseil d'administration du Bureau international du Travail pourrait lui transmettre en conséquence des délibérations de la commission envisagée au paragraphe 3.

## ANNEXE<sup>1</sup>

### Plan commun d'information en matière de travaux publics<sup>1</sup>

#### I. — CLASSIFICATION DES TRAVAUX

1. En ce qui concerne la nature des travaux :

a) routes et ponts ;

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<sup>1</sup> Il est entendu que ces informations devront porter également sur les travaux de secours.

(b) railway lines, including tramways, local railways, etc. (if possible mention the more important construction works separately) ;

(c) agricultural land reclamation (including drainage, irrigation, construction of dwelling-houses and other new buildings, establishment of entirely new settlements, construction of country roads and other works connected with land settlement) ;

(d) canals and other inland waterways (including improvement work on rivers, defensive work against floods, etc.) ;

(e) land improvement work, bringing of new land under cultivation, reafforestation, etc. ;

(f) provision of drinking water supplies and sewage disposal ;

(g) work carried out in maritime and river ports including the mechanical equipment of such ports ;

(h) shipbuilding undertaken with the financial assistance of the public authorities ;

(i) work for the construction of airports ;

(j) building and construction work forming part of a general plan and carried out with the financial assistance of public authorities, such work to be classified according to category (administrative buildings, dwelling-houses, etc.) ;

(k) generating stations and installations for the transmission of power ;

(l) gas works and installations for long distance gas supply ;

(m) telecommunication installations ;

(n) any other works, or orders for plant, equipment and supplies, not included in the above enumeration.

2. According to the body responsible for carrying out the work :

(a) work carried out by central authorities ;

(b) work carried out by regional and local authorities ;

(c) work carried out by colonial authorities ;

(d) work carried out by public utility undertakings ;

(e) work carried out by bodies or individuals in receipt of a subsidy or a loan.

## II. — KIND OF INFORMATION TO BE SUPPLIED

1. Information on the general organisation of public works and in particular on the working of national co-ordinating or directing bodies.

2. General information on the policy adopted concerning the advancing or retarding of public works :

(a) summarised survey of the facts (work completed, work in progress, work planned) ;

(b) grounds for the policy pursued.

3. For the works carried out during the period elapsed, summarised information :

b) voies ferrées, y compris les tramways, chemins de fer métropolitains, etc. (il conviendrait, si possible, de signaler séparément les ouvrages d'art les plus importants) ;

c) bonification agricole intégrale des terrains (assèchement, irrigation, construction de maisons d'habitation et d'autres édifices nouveaux, création de localités entières nouvelles, routes rurales et autres travaux afférents à la colonisation) ;

d) canaux et autres voies d'eau intérieures (y compris les corrections de rivières, travaux de défense contre les inondations, etc.) ;

e) améliorations foncières, défrichement, reboisement, etc. ;

f) adduction d'eau potable et évacuation des eaux usées ;

g) travaux effectués dans les ports maritimes et fluviaux, y compris l'équipement mécanique de ces ports ;

h) constructions de navires entreprises avec la participation financière d'autorités publiques ;

i) travaux d'établissement d'aéroports ;

j) travaux de bâtiment et de construction ayant fait l'objet de plans d'ensemble et exécutés avec la participation financière d'autorités publiques, classés d'après leur catégorie (édifices administratifs, maisons d'habitation, etc.) ;

k) centrales hydroélectriques et thermiques et transport de force motrice ;

l) usines à gaz et distribution de gaz à longue distance ;

m) installations de télécommunications ;

n) tous autres travaux ou commandes d'outillage, d'équipement et de fournitures non visés ci-dessus.

## 2. En ce qui concerne le maître de l'ouvrage :

a) travaux effectués par les autorités centrales ;

b) travaux effectués par les autorités régionales et locales ;

c) travaux effectués par les autorités coloniales ;

d) travaux effectués par des entreprises de services publics ;

e) travaux entrepris par des collectivités ou particuliers au bénéfice d'une subvention ou d'un prêt.

## II. — NATURE DES RENSEIGNEMENTS A FOURNIR

1. Renseignements sur l'organisation générale des travaux publics et, en particulier, sur le fonctionnement des organes nationaux de coordination ou de direction.

2. Indications générales sur la politique d'accélération ou de réserve des travaux publics :

a) exposé synthétique des faits (travaux achevés, travaux en cours d'exécution, travaux en projet) ;

b) raisons de la politique suivie.

3. En ce qui concerne les travaux de la période écoulée, renseignements synthétiques :



(a) on the total cost of the work carried out showing separately the share attributable to :

- (i) wages and salaries,
- (ii) plant and materials,
- (iii) other expenses (overhead expenses, housing and transport of workers, social insurance, etc.).

(b) on the methods of financing the works, including amortisation (showing in particular whether the expenses were met from the budgets of the State, regional and local authorities, public bodies, etc., or by means of internal or external loans, or in some other way) ;

(c) on the number of man-days of direct employment on the works, distinguishing if possible between unskilled labourers, skilled workers and salaried employees.

4. For works planned for the forthcoming period, summarised information on :

- (a) the cost of the works ;
- (b) the financial resources already available and the methods by which it is proposed to finance the remainder of the cost ;
- (c) the estimated number of man-days of direct employment on the works.

5. Information on the conditions of recruitment and employment and on other provisions relating to labour (such information to be given separately for normal public works and relief works) :

- (a) methods of recruitment ;
  - (b) conditions of employment (hours of work and wages or salaries) ;
  - (c) provisions relating to the transport and housing of the workers ;
  - (d) any provisions which may be in force concerning the use of mechanical appliances.
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a) sur le coût total des travaux exécutés, en distinguant les parts afférentes respectivement :

i) aux salaires ;

ii) à l'outillage et aux matériaux ;

iii) aux autres frais (frais généraux, logement et transport des ouvriers, assurances sociales, etc.) ;

b) sur les moyens de financement, y compris l'amortissement (en indiquant notamment si les dépenses ont été couvertes par les budgets de l'Etat, des administrations régionales ou locales, des collectivités publiques, etc., ou à l'aide d'un emprunt intérieur ou extérieur ou de toute autre manière) ;

c) sur le nombre des journées-homme d'emploi fournies directement par les travaux exécutés, en distinguant si possible les manœuvres, les ouvriers qualifiés et les employés.

4. En ce qui concerne les travaux projetés pour la période à venir, renseignements synthétiques :

a) sur le coût des travaux ;

b) sur les crédits déjà disponibles et sur les moyens de financement envisagés pour le surplus ;

c) sur l'estimation du nombre des journées-homme d'emploi résultant directement des travaux.

5. Renseignements sur les conditions de recrutement et d'emploi et les autres dispositions concernant les travailleurs (en distinguant les travaux publics normaux et les travaux de secours), soit :

a) conditions de recrutement ;

b) conditions d'emploi (durée du travail et rémunération) ;

c) dispositions relatives au transport et au logement des travailleurs ;

d) dispositions éventuelles relatives à l'emploi de machines et outils.

## DRAFT RESOLUTION ON INTERNATIONAL CO-OPERATION CONCERNING PUBLIC WORKS

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Whereas the International Labour Conference has before it a Recommendation on international co-operation concerning public works ; and

Whereas it is desirable, in order to make such co-operation effective, to set up an international body for the purpose of ensuring the continuity of the co-operation and of determining the methods of applying it ;

1. The Conference invites the Governing Body to appoint as soon as possible, and to convene without delay, an international public works committee, the task of which should be more particularly :

(a) to study every year the information gathered by the International Labour Office either as a result of the Recommendation referred to above or in any other way ;

(b) to make reports on this subject to the Governing Body with a view to their transmission to the Members of the International Labour Organisation ;

(c) to undertake any other duties relating to public works which may be entrusted to it.

2. Members which have approved the above-mentioned Recommendation should be invited to send representatives to the committee.

The committee should also include a fair representation of employers and workers.

The Governing Body might, in so far as it thinks fit, add to the committee national and international experts chosen for their special knowledge of the various aspects of the problem of public works.

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## PROJET DE RÉSOLUTION CONCERNANT LA COLLABORATION INTERNATIONALE EN MATIÈRE DE TRAVAUX PUBLICS

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Considérant que la Conférence internationale du Travail est saisie d'une recommandation concernant la collaboration internationale en matière de travaux publics,

Considérant que, pour rendre cette collaboration efficace, il convient d'instituer un organe international susceptible d'en assurer la continuité et d'en fixer les modalités :

1. La Conférence invite le Conseil d'administration du Bureau international du Travail à constituer le plus tôt possible et à convoquer sans délai une commission internationale des travaux publics qui devrait notamment avoir pour tâche :

a) d'examiner annuellement les informations recueillies par le Bureau international du Travail, soit en conséquence de la recommandation précitée, soit de toute autre manière ;

b) de faire à ce sujet au Conseil d'administration des rapports en vue de leur transmission aux Membres de l'Organisation internationale du Travail ;

c) d'assumer toutes autres fonctions relatives aux travaux publics qui pourraient lui être confiées.

2. A cette commission devraient être invités à se faire représenter les Membres ayant approuvé la recommandation précitée.

Cette commission devrait comprendre en outre une représentation équitable des employeurs et des travailleurs.

Le Conseil d'administration du Bureau international du Travail pourrait adjoindre à la commission, dans la mesure où il le juge utile, des experts nationaux et internationaux choisis en raison de leur connaissance particulière des divers aspects du problème des travaux publics.

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## DRAFT RECOMMENDATION CONCERNING THE NATIONAL PLANNING OF PUBLIC WORKS

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Whereas in the absence of advance planning expenditure on public works tends to increase in years of prosperity and to diminish in years of depression ;

Whereas fluctuations in the volume of employment of workers engaged on public works are thereby superimposed on the fluctuations in the volume of employment of workers arising out of commercial demand, thus aggravating successively the shortage of certain classes of workers in periods of prosperity and the extent of unemployment in periods of depression ;

Whereas it is desirable to time public works in such a way as to reduce industrial fluctuations as far as possible ;

Whereas the application of such a policy to all public works involves the co-ordination of the administrative and financial methods applied by the various authorities ; and

Whereas it is also desirable, if public works are to be fully effective as a remedy for unemployment, that measures should be adopted relating to the conditions of recruitment and employment of the workers engaged on the works ;

The Conference recommends that each Member should apply the following principles :

### *Timing of Public Works*

1. (1) Appropriate measures should be adopted for the purpose of achieving a suitable timing of all works undertaken or financed by public authorities.

(2) This timing should involve an increase in the volume of such works in periods of depression and for this purpose it is desirable to provide for the preparation in advance, during periods of prosperity, of works capable of being held in reserve and which should be ready for execution as soon as the need is felt.

2. The policy of timing public works should apply to all such works (including works in colonies) undertaken by central authorities, regional or local authorities, public utility undertakings or any body or individual in receipt of subsidies or loans from the public authorities.

## PROJET DE RECOMMANDATION CONCERNANT L'ORGANISATION NATIONALE DES TRAVAUX PUBLICS

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Considérant qu'à défaut d'une organisation prévoyante des travaux publics, les dépenses engagées dans ces travaux se trouvent généralement les plus fortes dans les années d'essor économique et se réduisent dans les années de dépression ;

Considérant qu'une telle pratique a pour effet que les fluctuations de l'emploi des travailleurs occupés aux travaux publics s'ajoutent aux fluctuations de l'emploi découlant des commandes privées et aggravent successivement la pénurie de certaines catégories de travailleurs dans les périodes d'essor et le chômage dans les périodes de dépression ;

Considérant qu'il y a lieu de donner aux travaux publics un rythme qui soit propre à réduire autant que possible les fluctuations économiques ;

Considérant que l'application uniforme d'un tel rythme à l'ensemble des travaux publics comporte une coordination des méthodes administratives et financières appliquées par les diverses autorités ;

Considérant, d'autre part, qu'il importe, si l'on veut conférer aux travaux publics leur maximum d'efficacité comme remède au chômage, de prévoir pour leur exécution certaines mesures concernant l'emploi des travailleurs,

la Conférence recommande à tous les Membres d'appliquer les principes suivants :

### *Rythme des travaux publics*

1. 1) Des mesures appropriées devraient être prises pour donner à l'ensemble des travaux entrepris ou financés par les pouvoirs publics un rythme convenable ;

2) Ce rythme devrait comporter, au cours des périodes de dépression, un développement du volume desdits travaux et, à cette fin, il y aurait lieu de prévoir la préparation anticipée, au cours des périodes d'essor, de travaux susceptibles d'être réservés et qui devraient être prêts à être exécutés dès que le besoin s'en fait sentir.

2. Le rythme en question devrait être appliqué à tous les travaux publics (y compris les travaux d'ordre colonial), qu'ils soient entrepris par les autorités centrales, par des autorités régionales et locales, par des entreprises de services publics ou par toute collectivité et tout particulier avec l'aide de subventions ou de prêts des autorités publiques.

3. There should be established a national co-ordinating body the functions of which should be, more particularly :

(a) to centralise information relating to the various kinds of public works ;

(b) to ensure or encourage the preparation of works in advance ;

(c) to give instructions or advice as to when works should be held in reserve and when works held in reserve should be undertaken, account being taken of fluctuations in the volume of unemployment, changes in the index of wholesale prices, changes in the rate of interest and any changes in other indices which indicate an alteration in the economic situation.

#### *Financing of the Works*

4. Among the financial measures necessitated by the policy embodied in the present Recommendation the following should receive special consideration :

(a) the placing to reserve in periods of prosperity of the resources necessary for carrying out works prepared for periods of depression ;

(b) the carrying forward of unused balances from one year to another ;

(c) restricted borrowing by public authorities in periods of prosperity and accelerated repayment of loans previously contracted ;

(d) the financing by loan in periods of depression of public works likely to stimulate economic recovery, and, generally speaking, the application of a monetary policy which will make possible the expansion of credit required at such a time for the speeding-up of the public works.

5. The co-ordinating body provided for in paragraph 3 or a special body acting in co-operation with it should be entrusted with all or some of the following duties in connection with the financing of public works :

(a) to advise the central authority on financial policy relating to public works ;

(b) to prepare for the issue of, and to issue, loans and to administer the proceeds ;

(c) to co-ordinate the borrowing policy of the different public bodies referred to in paragraph 2 ; and

(d) to take such measures as may be necessary to ensure that the policy of the central authority in respect of loans and subsidies is made effective.

#### *Employment of Certain Classes of Workers*

6. In applying the policy of timing provided for in this Recommendation, consideration should be given to the

3. Il conviendrait d'instituer un organe national de coordination, dont la tâche devrait être notamment :

a) de centraliser toutes informations relatives aux travaux publics ;

b) d'assurer et d'encourager la préparation anticipée de certains travaux ;

c) de donner des instructions ou avis sur le moment de réserver des travaux ou de mettre à exécution des travaux réservés, en tenant compte des fluctuations du chômage, de l'indice des prix de gros, du taux d'intérêt et de tous autres indices prémonitoires d'un changement de la situation économique.

#### *Financement des travaux*

4. Parmi les mesures financières qu'implique la mise en œuvre de la politique préconisée par la présente recommandation, celles qui suivent devraient notamment être prises en considération :

a) mise en réserve, en période d'essor, des ressources nécessaires à l'exécution de travaux envisagés pour les périodes de dépression ;

b) report des crédits inutilisés d'un exercice sur l'autre ;

c) limitation, en période d'essor, du recours des collectivités publiques à l'emprunt, et accélération de l'amortissement des emprunts antérieurs ;

d) en période de dépression, financement par voie d'emprunt des travaux publics propres au redressement de l'économie et, d'une façon générale, application d'une politique monétaire permettant l'expansion du crédit que réclame à ce moment l'accélération des travaux publics.

5. A l'égard du financement des travaux publics, il conviendrait de donner à l'organe de coordination visé au paragraphe 3 ou à un organe spécial agissant en collaboration avec lui, tout ou partie des attributions suivantes :

a) donner à l'autorité centrale des avis sur la politique financière en matière de travaux publics ;

b) préparer ou émettre des emprunts et en gérer le produit ;

c) coordonner la politique d'emprunt des diverses collectivités publiques visées au paragraphe 2 ;

d) prendre toutes mesures propres à rendre efficace la politique de l'autorité centrale en matière de prêts ou de subventions.

#### *Occupation de certaines catégories de travailleurs*

6. Dans l'application du rythme prévu par la présente recommandation, il conviendrait de tenir compte de la possibi-



possibility of including works which will give employment to special classes of workers such as young workers, women and non-manual workers.

### *Conditions of Recruitment and Employment*

7. (1) The recruitment of workers for employment on public works should be effected through the public employment exchanges.

(2) Foreign workers authorised to reside in the country concerned should be accepted for employment on public works on the same conditions as nationals.

(3) The rates of wages of workers on public works should be not less favourable than those commonly recognised by workers' organisations and employers for work of the same character in the district where the work is carried out ; where there are no such wages recognised or prevailing in the district those recognised or prevailing in the nearest district in which the general industrial circumstances are similar should be adopted.

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lité d'y assujettir les travaux susceptibles d'occuper certaines catégories particulières de travailleurs, tels que les jeunes gens, les femmes et les travailleurs intellectuels.

*Conditions de recrutement et d'emploi*

7. 1) Le recrutement des travailleurs pour les travaux publics devrait être effectué par l'intermédiaire des bureaux de placement publics ;

2) Les travailleurs étrangers autorisés à résider dans le pays devraient être admis aux travaux publics dans les mêmes conditions que les travailleurs nationaux ;

3) Le taux des salaires des travailleurs occupés aux travaux publics ne devrait pas être inférieur à celui généralement admis par les employeurs et par les organisations de travailleurs pour un travail de même nature dans la localité où les travaux sont exécutés ; là où il n'existe pas de taux généralement admis, le taux des salaires devrait être celui qui est appliqué dans la localité la plus proche où les conditions industrielles sont analogues.

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